IN THE

Supreme Court of the United States

OCTOBER TERM, 1975

No. 75-7521

VICTOR DeCOSTA,

Petitioner,

v.

COLUMBIA BROADCASTING SYSTEM, INC., CAPITAL CITIES BROADCASTING CORPORATION and CBS FILMS, INC.,

Respondents.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

The petitioner Victor DeCosta respectfully requests that a writ of certiorari issue to review the opinion and judgment entered in this proceeding on June 24, 1975, by the United States Court of Appeals for the First Circuit.

OPINIONS BELOW

The opinion of the First Circuit, entered on June 24, 1975, is reported at 520 F.2d 499. It is printed in the appendix hereto, p. A. 1, *infra.*

The opinion of the United States District Court for the District of Rhode Island, entered on September 23,

1974, is reported in 383 F. Supp. 326. It is printed in the appendix hereto, p. A. 31, *infra*.

The report of Magistrate Hagopian, setting forth his findings of fact and conclusions of law, was filed on April 15, 1974. It has not been reported, but is printed in the appendix hereto, p. A. 57, *infra*.

JURISDICTION

The judgment of the Court of Appeals for the First Circuit was entered on June 24, 1975. See p. A. 30, *infra*. No rehearing was sought.

On timely application, Mr. Justice Brennan on September 11, 1975, signed an order extending the time for filing this petition for writ of certiorari to and including November 21, 1975. This petition has been filed within that extended period.

The jurisdiction of this court is invoked under 28 U.S.C. §1254(1).

QUESTIONS PRESENTED

1. Whether a United States Magistrate's findings of fact and conclusions of law, entered pursuant to a consensual reference under the Federal Magistrates Act, 28 U.S.C. §636(b), for a "hearing and determination" of cross motions for summary judgment, are reviewable by a District Court only for "manifest error."

2. Whether the Magistrate's findings of fact, entered pursuant to such a consensual reference, are to be considered "final" and non-reviewable within the meaning of Rule 53(e)(4), Fed.R.Civ.Proc., or whether they are

subject to the "clearly erroneous" review standard of Rule 52(a), Fed.R.Civ.Proc.

3. Whether a Magistrate's determination, based upon stipulated facts and his independent examination of the record, that virtually identical service marks create "a great likelihood of confusion" among the public is to be treated, for review purposes, as a finding of fact or a conclusion of law.

4. Whether a Magistrate's finding as to the "likelihood of confusion" between identical competing service marks in the entertainment field is clearly erroneous simply because (a) there is a great disparity in the size and scope of the competing enterprises, (b) only six witnesses testified as to actual confusion, and (c) there was stated to be a lapse of eleven years between the start of the alleged infringement and the testimony as to likelihood of confusion.

STATUTES AND RULES INVOLVED

Federal Magistrates Act, 28 U.S.C. §636(b):

Any district court of the United States . . . may establish rules pursuant to which any . . . United States magistrate . . . may be assigned within the territorial jurisdiction of such court such additional duties as are not inconsistent with the Constitution and laws of the United States. The additional duties authorized by rule may include, but are not restricted to —

> (1) service as a special master in an appropriate civil action, pursuant to the applicable provisions of this title and the Federal Rules of Civil Procedure for the United States district courts;

(2) assistance to a district judge in the conduct of pretrial or discovery proceedings in civil or criminal actions; and

(3) preliminary review of applications for post-trial relief made by individuals convicted of criminal offenses, and submission of a report and recommendations to facilitate the decision of the district judge having jurisdiction over the case as to whether there should be a hearing.

Rule 32, Local Rules of U.S. District Court for the District of Rhode Island:

(a) *Duties in general.* Full time United States Magistrates of this district . . . shall, when directed by the court:

(1) Serve as a Special Master in appropriate civil actions pursuant to the applicable provisions of Title 28 United States Code and the Federal Rules of Civil Procedure for the United States District Courts; and

* * *

(4) Perform such other duties as are not inconsistent with the Constitution and laws of the United States and as may be assigned by the court.

(b) *Powers.* Unless otherwise provided by Fed.R.Civ. P. 53 or other statute or rule, the magistrate shall have authority to conduct the proceedings specified in the order of reference and to make such orders as may be

incidental or necessary to the completion thereof, subject to review by the judge as herein provided.

(c) *Filing of report and records.* Upon conclusion of the hearing, the magistrate shall file with the clerk his findings, report and recommendations, . . .

(d) *Objections; review.* Any party who has not waived an appeal to the judge may serve and file written objections to the magistrate's report within 5 days after service of the report. Opposition to the objections shall be served and filed with 5 days after service of the objections. The clerk shall thereupon promptly set and notice the review hearing to be disposed of by the judge to whom the case is assigned.

* * *

Paragraphs of the Standing Order of the United States District Court for the District of Rhode Island Providing for the Utilization of United States Magistrates:

12. DESIGNATION OF MAGISTRATE TO ASSIST DISTRICT JUDGES

Pursuant to the rule making power conferred on the Court by 28 U.S.C. §636, the Court may, without further formal order, from time to time refer civil and criminal motions to the magistrate as it deems proper for hearing, determination, recommendation, or report, and the magistrate shall render such other assistance to a district judge of the Court as may be directed of him by the Court.

13.1 RECONSIDERATION OF MAGISTRATE'S RULING BY DISTRICT JUDGE

A magistrate's ruling on a motion, not incident to the exercise of his trial jurisdiction, shall be final and conclusive unless a party thereto moves for reconsideration by a district judge. A motion for reconsideration shall be made with five (5) days of the magistrate's ruling. Reconsideration shall not be *de novo* but shall be the same as on a question of law.

Federal Rules of Civil Procedure:
Rule 52. Findings by the Court.

(a) EFFECT. In all actions tried upon the facts without a jury or with an advisory jury, the court shall find the facts specially and state separately its conclusions of law thereon, . . . Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses. The findings of a master, to the extent that the court adopts them, shall be considered as the findings of the court . . . .

Rule 53. Masters

(a) APPOINTMENT AND COMPENSATION. Each district court with the concurrence of a majority of all the judges thereof may appoint one or more standing masters for its district, and the court in which any action is pending may appoint a special master therein. . . .

* * *

(e) REPORT.

(1) *Contents and Filing.* The master shall prepare a report upon the matters submitted to him by the order of reference and, if required to make findings of fact and conclusions of law, he shall set them forth in the report. . . .

(2) *In Non-Jury Actions.* In an action to be tried without a jury the court shall accept the master's findings of fact unless clearly erroneous. . . .

* * *

(4) *Stipulation as to Findings.* The effect of a master's report is the same whether or not the parties have consented to the reference; but, when the parties stipulate that a master's findings of fact shall be final, only questions of law arising upon the report shall thereafter be considered.

STATEMENT OF THE CASE

This case, which was instituted in the federal district court in Rhode Island in 1963,[1] comes before this Court on certiorari for the second time. In 1967, over the dissent of Mr. Chief Justice Warren and Mr. Justice Fortas, this Court declined to review the First Circuit's reversal of a judgment in petitioner's favor on the first count of the instant complaint. *DeCosta v. CBS, Inc.*, No. 693 (Oct. Term, 1967), 389 U.S. 1007 (1967). Now this Court

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[1] The complaint, as amended, grounded federal jurisdiction upon factual allegations of diversity of citizenship and jurisdictional amount, 28 U.S.C. §1332, and upon factual allegations of a federal trademark question, 28 U.S.C. §§1125(a), 1121 and 1127.

is being asked to review still another reversal by the First Circuit of a judgment favorable to the petitioner, a reversal of a favorable judgment on the second and third counts of the complaint.

The basic allegation in all three counts of the complaint was the same — i.e., that the respondent CBS, Inc., and allied corporations had stolen and then exploited petitioner DeCosta's idea, characterization and three entertainment service marks — "Paladin", "Have Gun Will Travel", and a knight chess piece. Indeed, misappropriation has already been determined and is no longer in issue. On the earlier appeal in this case the First Circuit acknowledged that the jury's disbelief of respondents' protestations of innocent coincidence was "amply justified" and that "the plaintiff [DeCosta] has had the satisfaction of proving the defendants [CBS, et al.] pirates." *CBS, Inc. v. DeCosta*, 377 F.2d 315, 317 (C.A. 1, 1967).

Virtually all the relevant facts in this case were developed before the jury that considered the first count of the complaint based upon unjust enrichment. Those facts are fully set forth in the earlier opinion of the First Circuit, 377 F.2d at 316-317, prefaced by the statement that "The story of this case — more bizarre than most television serial installments — is one of 'coincidence' run riot." Suffice it to repeat here what the First Circuit has succinctly said in the opening paragraph of its latest judicial installment (Appendix hereto, pp. A.1-2, *infra*):

> "Plaintiff [DeCosta], a dozen years ago, began this suit against [CBS and allied corporations] . . . to seek compensation for their unauthorized use of a character concept he had developed, embodying a costume, slogan, name and symbol.

> A mechanic living in Cranston, Rhode Island, his avocation had been to don an all black cowboy suit, with a St. Mary's medal affixed to his flat crowned black hat, a chess symbol to his holster, and an antique derringer secreted under his arm, and make public appearances at rodeos and other events, meeting innumerable children, and passing out his card, inscribed with a chess set knight, proclaiming 'Have Gun Will Travel, Wire Paladin, N. Court St., Cranston, R.I.' . . . As every well-versed television viewer of the late fifties and early sixties knows, the gestalt conveyed by plaintiff's costume and accessories found its way into defendants' television series, 'Have Gun Will Travel', [starring Richard Boone] which enjoyed enormous popularity for over eight years in its initial run, grossing in excess of fourteen million dollars."

A. The First Count

The first count of the complaint, which had been separated for trial purposes, alleged that the piratical acts of the respondents constituted unjust enrichment under applicable state law. The jury, after hearing the evidence, awarded the petitioner DeCosta $150,000 in damages on this count.

In reversing that award, the First Circuit took the position that this Court's decisions in *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and *Compco Corp. v. Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964), meant that the Copyright Clause of the Constitution had preempted this effort under state law to protect the creator

of an uncopyrighted characterization against unfair appropriations or unjust enrichment. See *CBS, Inc. v. DeCosta,* 377 F.2d 315, 318-319 (C.A. 1, 1967). DeCosta's petition for certiorari, protesting that holding, was denied by this Court, with two dissents as noted above. 389 U.S. 1007 (1967).

The First Circuit has now conceded the error of its earlier 1967 ruling, *stare decisis* though it may be. This Court's later decision in *Goldstein v. California,* 412 U.S. 546 (1973), particularly as summarized and applied in *Kewanee Oil Co. v. Bicron Corp.,* 416 U.S. 470, 478-479 (1974), convinced the First Circuit that its 1967 interpretation of the preemptive reach of the Copyright Clause was "over-inclusive."[2] See Appendix, p. A.18, *infra.* Petitioner's damage award under the first count, being grounded on a non-preempted state law of unjust enrichment stemming from a misappropriation of petitioner's character, should therefore have been sustained.

The First Circuit has here stated that but for the erroneousness of its 1967 ruling that decision would likely have "predetermined our decision on the second and third causes of action." See Appendix, p. A.18, *infra.* Those counts or causes of action were based on the applicable state common law respecting service mark infringement

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[2] The 1967 holding of the First Circuit that the leading case applying a remedy for mere copying, *International News Service v. Associated Press,* 248 U.S. 215 (1918), is no longer authoritative has not been accepted by this Court. See *Goldstein v. California,* 412 U.S. 546, 570 (1973); *Kewanee Oil Co. v. Bicron Corp.,* 416 U.S. 470, 481 (1974); see also *Mercury Record Productions, Inc. v. Economic Consultants, Inc.,* 183 U.S.P.Q. 358 (Wis. Sup.Ct., 1974).

and unfair competition. But since the court felt that it did "not have a tabula rasa to write upon" (p. A.19, *infra*), the merits of the judgments favorable to petitioner on the second and third causes of action were deemed to be in issue on the appeal.

B. The Second and Third Counts

Premised upon the same acts of appropriating the "Paladin, Have Gun Will Travel" characterization, the second count of the complaint alleged an infringement of a common law service mark. And on the same basis, the third count charged that the respondents had engaged in unfair competition as defined by the applicable state common law. Both counts were reserved for disposition by the District Court, sitting without a jury, following the final adjudication of the first count.[3]

The petitioner DeCosta and the respondent corporations subsequently filed in the District Court cross motions for summary judgment on the second and third counts. In support of his motion, DeCosta filed an affidavit setting forth additional facts to the effect that he continues to portray the character "Paladin" at various rodeos, auctions, horse shows, parades, and other types of public gatherings, dressed in his original outfit as created by him. and that he still distributes the printed cards advertising that characterization. He further stated in this affidavit that he had filed in the U.S. Patent Office an application to register the service marks in question, and that the

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[3] The lapse of time between 1967, when the appeal on the first count was finally resolved, and 1973, when the second and third counts were considered, was not due to the dilatoriness of any party. The District Court's docket condition simply did not permit an earlier calling of the case for disposition of the second and third counts.

respondent CBS, Inc., in its opposition to such registration, had admitted that the marks were entertainment service marks and had not contested the validity of the same as service marks.[4]

In August of 1973 the parties stipulated that the cross motions for summary judgment would be determined by the District Court on the basis of the transcript of the earlier jury trial on the first count, including all exhibits, together with a stipulation of further testimony. Then, on October 5, 1973, by agreement of all parties, the District Court entered the following order:

> "Pursuant to stipulation of the parties on each side and of counsel on each side, the above captioned case is referred, under authority of 28 U.S.C. 636, to United States Magistrate Jacob Hagopian for hearing and determination to be had on or before November 5, 1973."

Pursuant to that consensual reference, the cross motions for summary judgment were fully briefed and orally argued by the parties before the Magistrate. Six months later, on April 15, 1974, the Magistrate filed an extensive report setting forth his findings of fact and conclusions of law, which in all respects favored the petitioner DeCosta. See pp. A. 57-89, *infra*. Among the Magistrate's findings of fact were three that were later to become decisive on the appeal to the First Circuit:

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[4] Petitioner filed two such applications, one in 1962 and another in 1970. The second application is still pending before the Trademark Trial and Appeal Board. See *DeCosta v. CBS, Inc.*, 498 F.2d 1383 (C.C.P.A., 1974), for an account of these applications.

"13. My examination of the record and comparison of the description and exhibits of the 'Paladin' marks heretofore mentioned discloses that the marks used by plaintiff DeCosta are identical to those subsequently used by defendants Columbia Broadcasting System, Inc. in the television series of 'Paladin', and that a great likelihood of confusion exists between the marks used by plaintiff and those used by defendants because they are virtually identical."

"17. At least 21 witnesses testified that before the airing of the television series by defendant, Columbia Broadcasting System, Inc., they knew plaintiff as Paladin; at least 18 of such witnesses testified that, before the airing of the television series as aforesaid, they saw cards as passed out by plaintiff that bore the slogan and/or purported service marks 'Have Gun Will Travel' 'Wire Paladin' and the figure of a knight chess piece; that at least 21 of such witnesses testified that they thought on viewing the television program that there was a physical similarity between plaintiff in his costume and accoutrements and Richard Boone dressed as the television character Paladin."

"18. At least 6 of such witnesses testified that they had at first thought, on viewing the television program, that Richard Boone was the plaintiff Mr. DeCosta until they learned the contrary from viewing the credits on the show, or otherwise."

The witnesses referred to by the Magistrate in these findings, of course, had given their testimony at the earlier jury trial in 1966 on the first count of the complaint. Their testimony was part of the evidence that the parties stipulated should be considered in adjudicating the cross motions for summary judgment on the second and third counts.[5]

In what the First Circuit described as a "well ordered opinion," the Magistrate discussed at length the applicability of the preemption doctrine and other threshold legal issues, and concluded that the respondents' reliance on the *Sears-Compco* preemption concept was without merit. His ultimate conclusions were four-fold: (1) the respondents "are not entitled to recover as a matter of law on their cross-motion for summary judgment and the same is DENIED"; (2) the petitioner DeCosta "is entitled to recover on Counts II and III as a matter of law on his motion for summary judgment and the same is GRANTED", (3) the petitioner DeCosta is entitled "as a matter of law to an accounting of all profits" acquired by the respondents' television series, and the respondents "are required to hand over the proceeds of their wrong to the plaintiff by reason of their unjust enrichment", and (4) the attorneys for each side were directed to meet with the Magistrate within five days "to settle the drafting of an appropriate judgment order to be entered in this case."

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[5] The First Circuit's opinion erroneously states that this testimony as to likelihood of confusion was introduced by affidavit eleven years after the alleged infringement began in 1957. See p. A. 26, *infra*. The testimony actually was given at the jury trial in 1966 and was introduced by stipulation of the parties as a part of the record in summary judgment proceedings. DeCosta's motion for summary judgment was filed in 1968.

See pp. A. 82-83, *infra*. Such order was then to be presented to the District Court.

The respondents promptly filed objections to the Magistrate's report. Included in those objections were claims that the reference of the summary judgment motions to the Magistrate was *ultra vires* and beyond the jurisdiction of the Magistrate as defined in the United States Magistrates Act, 28 U.S.C. §636(b), that the reference was violative of respondents' constitutional rights, and that the reference was void *ab initio*. The District Court stayed all further proceedings before the Magistrate pending determination of these objections. The petitioner DeCosta then filed a motion to confirm the Magistrate's report.

The District Court rejected all of respondents' objections to the consensual reference of the summary judgment motions to the Magistrate, a reference to which the respondents had voluntarily agreed. The court held that such a consensual reference to the Magistrate to hear and decide all issues and to report his findings of fact and conclusions of law to the court does not offend the Constitution, at least insofar as a right to review in the court is preserved. Hence the reference was held to be authorized by the United States Magistrates Act, 28 U.S.C. §636(b), which *inter alia* permits assignments to Magistrates of "such additional duties as are not inconsistent with the Constitution and laws of the United States."

The District Court then held that the "presumptively correct" and "manifest error" standards of review, as enumerated in *Kimberly v. Arms*, 129 U.S. 512 (1889), with reference to judicial review following a consensual reference to a master, should be applied to the court's

review of the Magistrate's findings of fact and conclusions of law. Applying those standards, the District Court declared that it was "not prepared to hold that the Magistrate's findings of fact and conclusions of law are unequivocally wrong." See p. A. 45, *infra*. In the court's words (p. A. 46, *infra*):

> "I am well aware of our appellate court's admonition that a pro forma 'laying of hands' upon a magistrate's report will not be sanctioned following a reference. This teaching, however, involved two cases . . . which are distinguishable [as not involving a consensual reference to a magistrate] . . .
>
> "I make no pretense of either affirming or reversing the Magistrate. I simply find no manifest error and, therefore, while neither affirming or reversing, I deny the defendants' motion to vacate the Magistrate's rescript, adopt the Magistrate's report and enter a final and appealable judgment based thereon."

On appeal, the First Circuit rebuffed all of the respondents' renewed constitutional assaults on this consensual reference. The court discussed the referral of cases by consent in detail and phrased the issue as "not the power of the judge to refer, but the power of the parties to agree to another arbiter, absent overriding constitutional considerations." See p. A. 6, *infra*. The court found no constitutional impediment to the parties freely choosing a non-Article III forum in the first instance, and also found that the legislative history of the Federal Magistrates Act supported a congressional intent to permit consensual references to magistrates.

Although the First Circuit suggested that review of such references could be limited so as to preclude any reconsideration of the Magistrate's decision, it ruled that the stipulation of the parties in this case did not clearly express that intent; they had merely stipulated that the case be referred for "hearing and determination." In that context, the court turned to the standard of review to be accorded a Magistrate's findings and conclusions under such a consensual reference.

The First Circuit clearly rejected the "manifest error" standard of review, as articulated by this Court in *Kimberly v. Arms*, 129 U.S. 512 (1889), and adopted by the District Court in this case. The term "manifest error," said the First Circuit, "lacks content," at least as applied to legal error. See p. A. 13, *infra*. But at the same time the appellate court conceded that the review properly to be accorded the Magistrate's report "does not appear at all clear to us." See p. A. 13, *infra*. That perhaps explains the confusing nature of the ensuing discussion and formulation of a new standard, borrowed in bits and pieces from what were thought to be analogous provisions of the Federal Rules of Civil Procedure. Fairly read, the opinion below appears to have created and applied a standard whereby:

> (1) The Magistrate's legal conclusions are subject to "full review" to discover "any prejudicial error as required by F.R.Civ.Pro. 53(e)(4)." See p. A. 13, *infra*.
>
> (2) The Magistrate's findings of fact are "being treated as final" (see p. A. 26, *infra*), since the Magistrate may be treated "as trier of fact whose rulings on the facts are final

under Rule 53(e)(4)." See p. A. 14, *infra.* But, at the same time, "the factual findings of the magistrate adopted by the district court" are treated "as subject to the clearly erroneous standard of Rule 52(a)." See p. A. 15, *infra.* To repeat, "The magistrate's findings being treated as final, they are here subject to the same standard of review as are district court findings under Fed.R.Civ. Pro. 52(a)." See p. A. 26, *infra.*

Rather than remanding the case to the District Court to review the Magistrate's report in light of these standards, and in order to save time in this protracted case, the First Circuit undertook the reviewing task itself. It thus proceeded to review the Magistrate's "findings in the light of the pleadings, the evidence, and the law." See p. A. 15, *infra.* In so doing, the First Circuit found that the critical issue respecting the merits of the case was "whether there was a deceiving of the public as the result of defendants' actions." See p. A. 24, *infra.* And on that issue, the First Circuit professed to find from the Magistrate's report "only a finding as to the identical nature of the marks used by plaintiff and defendants and the resulting 'great likelihood of confusion' therefrom, and another that 'At least 6 . . . witnesses testified that they had at first thought, on viewing the television program, that Richard Boone was the plaintiff Mr. DeCosta until they learned the contrary from viewing the credits of the show, or otherwise.' " See p. A. 26, *infra;* and see Magistrate's Findings No. 13 and No. 18, quoted above at p. 13, *supra.*

The First Circuit's opinion concluded with the observation that such testimony by six witnesses "seems to us either no evidence at all or so minimal as not to support a finding of likelihood of confusion." See p. A. 27, *infra.* And "to give any relief, however tailored, we need a predicate of liability. Absent the ultimate fact of confusion, we cannot find a basis for liability for common law service mark infringement or unfair competition." See p. A. 27, *infra.* On that basis alone, the District Court's judgment in petitioner's favor was reversed. Judge Aldrich wrote a concurring opinion. See p. A. 27, *infra.*

REASONS FOR GRANTING THE WRIT

The decision below has been heralded by the Administrative Office of the United States Courts as one of the "principal decisions" rendered during the past year respecting the relatively new Federal Magistrates Act, 28 U.S.C. §636(b).[6] Unfortunately, that decision constitutes a confusing precedent in the administration of this important Act, a statute designed "to cull from the ever-growing workload of the U.S. district courts matters that are more desirably performed by a lower tier of judicial officers." H.Rep.No. 1629, 90th Cong., 2d Sess., 12 (1968).

Both the importance of the opinion below and the confusion that is rampant therein concern only those references under the Act that are consensual in nature. Just

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[6] 1975 Annual Report of the Director of the Administrative Office of the United States Courts, pp. VIII-17-18.

The only decision by this Court interpreting the Act is *Wingo v. Wedding,* 418 U.S. 461 (1974), holding that magistrates may not conduct evidentiary hearings on petitions for habeas corpus relief pursuant to §636(b)(3) – a subsection of the Act not here involved.

how many consensual references are made each year to United States Magistrates is not known.[7] But the problems in this consensual area also stem from the more general enigma created by the complete silence of the Act as to the weight to be accorded the findings and conclusions of the magistrates, whatever the terms or nature of their references. There is an obvious need to establish some basic guidelines for judicial review of a magistrate's findings and conclusions and to determine the extent, if any, to which analogous standards in the Federal Rules of Civil Procedure may be borrowed. Therein lies the ultimate justification for the grant of certiorari in this case.

1. **The decision below has created a confused and unmanageable standard for reviewing a Magistrate's findings and conclusions in a consensual reference situation.**

In its commendable struggle to create a standard for reviewing the results of a consensual reference to a Magistrate, the First Circuit has created more problems and ques-

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[7] The 1975 Annual Report of the Director of the Administrative Office of the United States Courts states that, in the fourth year of operation of this Act (ending June 30, 1975), there was a total of 487 United States Magistrates, including 133 full-time positions, and that the number of full-time positions has been steadily increasing as district courts continue to delegate a greater variety and volume of judicial duties to the magistrates. During the last fiscal year ending on June 30, 1975, magistrates disposed of 255,061 separate items of judicial business, a 5 percent increase over the preceding fiscal year. During that last fiscal year, magistrates handled 67,230 judicial proceedings under the "additional duties" authorization contained in 28 U.S.C. §636(b). Report, pp. VIII-1, 3. But this Report does not specify the number of references to magistrates that were consensual in origin or nature.

tions than it has solved. Particularly as to the review of findings of fact, the First Circuit has produced a two-headed standard, the two heads facing in opposite directions. One need only follow the various zig-zags in the opinion below to appreciate the puzzling and inconsistent nature of the new standard created for consensual references under the Federal Magistrates Act.

(1) The First Circuit has found that the consensual reference in this instance, by which the parties agreed to submit the case to the Magistrate "for hearing and determination," was not clear enough "by its own terms to support the conclusion that the parties consented to a grant of power greater than that outlined" in Rule 53(e)(4). See p. A.14, *infra*. Is the standard of review thus dependent upon the clarity of the language used in the reference order agreed to by the parties? What degree of unclarity is necessary before Rule 53(e)(4) becomes applicable? And if Rule 53(e)(4) does become applicable, are not the parties and the reviewing court bound to accept the findings of the magistrate, whatever may have been the terms of the reference? Rule 53(e)(4) says in no uncertain terms, although it deals only with references to special masters, that where the parties "stipulate that a master's findings of fact shall be final," then "only questions of law arising upon the report shall thereafter be considered."

(2) Does the First Circuit mean, then, that the Magistrate's findings of fact upon this consensual reference – given its so-called unclear terms – must be considered "final" in the Rule 53(e)(4) sense? Professor Moore has written that a master's fact findings are so "final" under Rule 53(e)(4) that they cannot be disturbed unless the

master "is clearly shown to have arbitrarily abused his discretion or acted in a grossly unfair manner in his inquisition into the facts."[8] And if such finality does attach to the Magistrate's findings in this case, why was not the First Circuit bound to accept his critical findings (Nos. 13 and 18) respecting the likelihood of confusion pertinent to the infringement or unfair competition claims? Since the facts contained in those findings had been stipulated into the present record from the earlier trial transcript, there could have been and was no suggestion that the Magistrate abused his discretion or acted unfairly in making these findings.

(3) But if the consensual reference here is to be governed by Rule 53(e)(4), how can it also be governed by the "clearly erroneous" review standard of Rule 52(a) – as the First Circuit has repeatedly indicated? The Rule 52(a) standard is in no way confined to an arbitrary abuse of discretion by the fact-finder, and thus envisages a much wider standard of review than allowed by Rule 53(e)(4).[9] Which rule prevails under the First Circuit's view, Rule 52(a) or Rule 53(e)(4)?

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[8] 5A Moore's Federal Practice, P. 53, 15, p. 3045 (2d ed. 1975). See discussion in *Eastern Fireproofing Co. v. United States Gypsam Co.*, 50 F.R.D. 140 (D. Mass. 1970), stating that the First Circuit reviews a master's findings under Rule 53(e)(4) only for an abuse of discretion.

[9] But in the absence of a Rule 53(e)(4) stipulation as to the finality of the master's findings of fact, the court must accept the master's findings unless, as Rule 53(e)(2) states, his findings are "clearly erroneous." The Rule 53(e)(2) "clearly erroneous" standard is precisely the same as the Rule 52(a) "clearly erroneous" standard. That is, "a finding by the master is clearly erroneous when, although there is evidence to support it, the court on the entire evidence is left with the definite and firm conviction that a mistake has been made." Wright and Miller, Federal Practice and Procedure, Vol. 9, §2614, p. 810 (1971).

(4) Since Rule 52(a) governs only the review by a court of appeals of findings of fact by a district court, how can the First Circuit make that rule applicable also to a district court's review of a magistrate's findings of fact? Or was the First Circuit applying this rule in its capacity as a court of appeals, intent on bringing this prolonged litigation to an end? And by refusing to remand the case to the District Court to allow that tribunal to review properly the results of its own reference to the Magistrate, has the First Circuit vitiated the vital role that the District Court plays under the Federal Magistrates Act?

(5) Since the Federal Magistrates Act was designed to permit and promote consensual references to magistrates of matters not often delegated to masters, why should the review of a magistrate's findings on a consensual reference be governed or circumscribed by those Civil Rules that deal with the different and narrower relationships between the district courts and their special masters? In the absence of any congressional direction or indication that such Civil Rules should be imported into the administration of this Act, by what token does the First Circuit promulgate the applicability of either Rule 52(a) or Rule 53(e)(4)?[10]

(6) Indeed, in the absence of any congressional concern with the matter, are not the federal courts bound to fashion the standards of review solely in conformity with the purposes of the Federal Magistrates Act, and independently

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[10] And what is the answer to the District Court's statement (see p. A. 35, *infra*) that a reference to a magistrate under the Act "may be broader than reference to a master under Rule 53(b), and indeed should be in order to accomplish the broad goals that the Magistrates Act was designed to facilitate"? See Note, 88 Harv. L. Rev. 779, 796-803 (1975).

of standards developed for use in entirely different contexts? Perhaps only this Court can do so in a definitive manner, which only adds to the appropriateness of granting certiorari in this case. If the Court is willing to undertake that task, it may well wish to ponder the wise words spoken by an earlier Court in *Kimberly v. Arms,* 129 U.S. 512, 524-525 (1889), which dealt with a consensual reference to a special master long before Rule 52 (a) or Rule 53(e)(4) was born. The Court there stated:

> ". . . when the parties consent to the reference of a case to a master or other officer to hear and decide all the issues therein, and report his findings, both of fact and of law, and such reference is entered as a rule of the court, the master is clothed with very different powers from those which he exercises upon ordinary references; and his determinations are not subject to be set aside and disregarded at the mere discretion of the court. A reference, by consent of parties, of an entire case for the determination of all its issues . . . is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law. Its findings, like those of an independent tribunal, are to be taken as presumptively correct, subject, indeed, to be reviewed, under the reservation contained in the consent and order of the court, when there has been manifest error in the consideration given to the evidence, or in the application of the law, but not otherwise. . . .

> ". . . To disregard the findings, and treat the report as a mere presentation of the testimony, is to defeat, as we conceive, the purpose of the reference, and disregard the express stipulation of the parties. We are therefore constrained to hold that the learned court below failed to give to the findings of the master the weight to which they were entitled, and that they should have been treated as so far correct and binding as not to be disturbed, unless clearly in conflict with the weight of the evidence upon which they were made."

This statement in *Kimberly v. Arms* has never been repudiated by this Court.[11] And while the First Circuit asserted its puzzlement as to the meaning of "manifest error," that term in conjunction with other references to "presumptively correct" and "not to be disturbed, unless clearly in conflict with the weight of the evidence" could well be used by this Court in casting a standard of review for purposes of the Federal Magistrates Act.

Indeed, as the First Circuit has acknowledged (p. A. 10, *infra*), a staff memorandum of the Senate Judiciary Sub-

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11 The standards for review expressed in *Kimberly v. Arms,* of course, are no longer applicable to consensual references to a master. They have been replaced by the standard set forth in Rule 53(e)(4), Fed.R.Civ.Proc., which makes the master's findings of fact "final" and virtually non-reviewable, whereas "questions of law arising upon the report shall thereafter be considered."

But the "manifest error" doctrine of *Kimberly v. Arms* has been perpetuated in decisions of this Court in other contexts. See *Davis v. Schwartz,* 155 U.S. 631 (1895); *Adamson v. Gilliland,* 242 U.S. 350 (1917); *Corona Cord Tire Co. v. Dovan Chemical Corp.,* 276 U.S. 358 (1928).

committee that drafted this Act specifically called attention to the "manifest error" language in *Kimberly v. Arms,* in the course of discussing consensual references to special masters. That may be a clue to what Congress intended by way of reviewing a magistrate's report following a consensual reference. It is certainly a clue worth pursuing if the Federal Magistrates Act is to be properly administered.

2. The decision below, in overturning the Magistrate's express factual finding of the likelihood of confusion, has created important procedural and substantive problems.

The First Circuit premised its reversal of the judgment in petitioner's favor upon its holding that the critical determinations of the Magistrate, respecting the likelihood of confusion between the identical service marks of the parties, were unsupported by the evidence. Incredibly, the First Circuit held that the testimony of six witnesses as to their actual confusion was "either no evidence at all or so minimal as not to support a finding of likelihood of confusion." See p. A. 27, *infra.*

(1) Since the Magistrate's determination as to the likelihood of confusion was based on stipulated testimony and his own viewing of the competing service marks, was his determination factual in nature so as to be subject to the "clearly erroneous" test of Rule 52(a)? While this Court has stated in other contexts that the "clearly erroneous" test applies to "inferences drawn from documents or undisputed facts,"[12] the Circuits have been characterized as still "indescribably confused" as to the factual or legal nature of a fact-finder's determination based upon undisputed or stipulated facts.[13] Particularly is that confusion apparent as to "likelihood of confusion" determinations.[14] A grant of certiorari in this case would clarify the situation in this important area of trademark and service mark litigation.

(2) The First Circuit's ruling that six instances of actual confusion by television viewers cannot provide substantial proof of the "likelihood of confusion" is in direct conflict with relevant decisions of other Circuits. Thus the Fifth Circuit in *World Carpets, Inc. v. Dick Littrell's New World Carpets,* 438 F.2d 482, 489 (C.A. 5, 1971), held that in a trade mark infringement action

> ". . . it is not necessary to show actual confusion. One merely has to show that the likeli-

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12 See *United States v. United States Gypsum Co.,* 333 U.S. 364, 394 (1948); *Commissioner v. Duberstein,* 363 U.S. 278, 291 (1960); *United States v. Singer Mfg. Co.,* 374 U.S. 174, 194 (1963).

13 See Wright and Miller, Federal Practice and Procedure, Vol. 9, §2587, p. 740 (1971); Wright, Law of Federal Courts, 430 (2nd ed. 1970).

14 See, for example, *Fleishmann Distilling Corp. v. Maier Brewing Co.,* 314 F.2d 149 (C.A. 9, 1963), where the Ninth Circuit stated that the "determination of likelihood of confusion partakes more of the character of a conclusion of law than of a finding of fact." An example of the opposite view is *Standard Brands, Inc. v. Eastern Shore Canning Co.,* 172 F.2d 144 (C.A. 4, 1949). All the conflicting decisions are gathered in McCarthy, Trademarks and Unfair Competition, Vol. 2, §23:22, p. 76 (1973).

> hood of confusion exists. There can be no more positive or substantial proof of the likelihood of confusion than proof of actual confusion. Moreover, reason tells us that while very little proof of actual confusion would be necessary to prove the likelihood of confusion, an almost overwhelming amount of proof would be necessary to refute such proof.

To the same effect are *Standard Oil Co. v. Standard Oil Co.*, 252 F.2d 65, 74 (C.A. 10, 1958); *Spangler Candy Co., v. Crystal Pure Candy Co.*, 353 F.2d 641, 644 (C.A. 7, 1966), both holding that "There can be no more positive proof of likelihood of confusion than evidence of actual confusion."

This conflict should be resolved by this Court. The degree of proof necessary to demonstrate "likelihood of confusion" is a problem that goes far beyond the confines of this case. It is the keystone of all trademark and service mark infringement cases, whether arising under the "likelihood of confusion" concepts of the common law, the Lanham Trademark Act of 1946 (15 U.S.C. §1052(d)), or the Uniform Deceptive Trade Practices Act (6 Martindale-Hubbell Law Directory, 1975, p. 4067).

Similarly, the implicit holding of the First Circuit (see pp. A. 25, 27, *infra*), that the passage of time imposes an extraordinary duty on plaintiffs to present substantial proof of actual confusion, constitutes a novel departure from recognized trademark law and pays lip service only to the test of likelihood of confusion. A resolution of this question is imperative.

(3) Finally, the First Circuit has emphasized the small size and scope of petitioner's "Paladin" enterprise, in contrast to the vast nationwide television scope of the respondents' "Paladin" enterprise, in holding that the "likelihood of confusion" determination was clearly erroneous. See p. A. 26, *infra*. Such a ruling is in direct conflict with the Eighth Circuit's ruling in *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 928 (C.A. 8, 1967), holding that

> "Plaintiff's vested and existing rights cannot be overpowered merely by defendant's comparatively massive size and generous promotional expenditures."

Or, as the same court said in *San Francisco Association for the Blind v. Industrial Aid for the Blind*, 152 F.2d 532, 537 (C.A. 8, 1946),

> "The defendant may not justify its use of the plaintiff's trademark upon the grounds that the plaintiff's volume of business was comparatively small. . . "

Such a conflict deserves resolution by this Court since it deals with a problem common to all forms of trademark and service mark litigation brought by a small entrepreneur against a giant competitor or appropriator. Comparative size alone should have no place in the assessment of the proof submitted by the small enterpreneur to show "likelihood of confusion."

Needless to say, the significance of the foregoing conflicts is in no way diminished by the First Circuit's gratuitous comment (p. A. 27, *infra*) that "the most exacting search for proof [of the likelihood of confusion] would

not have produced more" than the six witnesses that were produced. Those six witnesses testified at the original jury trial as to their actual confusion and any further testimony, considering the identity of the marks, the express finding of piracy by respondents, and the fact that several marks rather than just one were misappropriated, would merely have been cumulative. *Volkswagenwerk Aktiengesellschaft v. Rickard,* 492 F.2d 474 (C.A. 5, 1974).

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

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November 21, 1975

United States Court of Appeals
For the First Circuit

No. 74-1391

VICTOR DECOSTA,
PLAINTIFF, APPELLEE,
v.
COLUMBIA BROADCASTING SYSTEM, INC., CAPITAL CITIES BROADCASTING CORPORATION, AND CBS FILMS, INC.,
DEFENDANTS, APPELLANTS.

APPEAL FROM THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF RHODE ISLAND

Before COFFIN, *Chief Judge,*
ALDRICH and MCENTEE, *Circuit Judges.*

Eugene L. Girden, with whom *Knight Edwards, Edwards & Angell, Carleton G. Eldridge, Jr., Coudert Brothers, John M. Keene, III, Michael J. Calvey,* and *David Wolf* were on brief, for appellants.

Alan T. Dworkin, with whom *Leonard Michaelson* was on brief, for appellee.

June 24, 1975

COFFIN, *Chief Judge.* Plaintiff, a dozen years ago, began this suit against the Columbia Broadcasting System, Inc. and allied corporations (CBS) to seek compensation for their unauthorized use of a character concept he had developed, embodying a costume, slogan, name, and symbol. A mechanic living in Cranston, Rhode Island, his avocation had been to don an all black cowboy suit, with a St. Mary's medal affixed to his flat crowned black hat, a chess symbol to his holster, and an antique derringer secreted under his arm, and make public appearances at rodeos and other

events, meeting innumerable children, and passing out his card, inscribed with a chess set knight, proclaiming "Have Gun Will Travel, Wire Paladin, N. Court St., Cranston, R.I." We described these events in greater detail when this case was before us on appeal from the first count[1] in his complaint, *Columbia Broadcasting System, Inc.* v. *DeCosta, (DeCosta I)*, 377 F.2d 315 (1967), *cert. denied*, 385 U.S. 1007 (1968). As every well-versed television viewer of the late fifties and early sixties knows, the gestalt conveyed by plaintiff's costume and accessories found its way into defendants' television series, "Have Gun Will Travel", which enjoyed enormous popularity for over eight years in its initial run, grossing in excess of fourteen million dollars.

The claim below, in the remaining counts two and three of the complaint, asserted a wilful and intentional infringement of plaintiff's common law trademark and/or service mark and unfair competition. The plaintiff sought both injunctive and monetary relief, including an accounting for all profits made by defendants in broadcasting "Have Gun Will Travel". The first count had been tried before a jury. When this court reversed the result obtained in that trial, the case was returnd to the district court where the parties entered into a stipulation that counts two and three be determined by the district judge on the basis of the trial transcript, including all exhibits, together with a stipulation of additional testimony. 382 F. Supp 326, 327.

Subsequent to this stipulation the following order was entered by the district court on October 5, 1973:

> "Pursuant to stipulation of the parties on each side and of counsel on each side, the above captioned case is referred, under authority of 28 U.S.C. 636, to United States Magistrate Jacob Hagopian for hearing and determination to be had on or before November 5, 1973."

[1] The first count charged a wilful misappropriation through copying plaintiff's idea and character.

Six months later, on April 15, 1974, a report was filed by the magistrate setting forth his findings of fact and conclusions of law sustaining the plaintiff's position. Five days after,this report was filed, the defendants objected to the reference for the first time and argued that the parties were without authority to consent to reference and that the decision of the magistrate had been *ultra vires.* The district court ruled that the consensual reference granted the magistrate the power to "determine" the issues in the case. It therefore held the magistrate's exercise of jurisdiction legitimate and restricted its own review to a search for "manifest error" of fact or law. Finding none, it affirmed the magistrate's decision and entered judgment thereon. This appeal challenges both the propriety of the reference and the decision on the merits.

I. The Reference.

The defendants' argument to the district court and to us on appeal may be reduced to the following syllogism: (1) the order of reference in effect authorized the magistrate to act as special master; (2) the United States Magistrates Act, 28 U.S.C. §§ 631-639[2] provides for appointment of magistrates as masters only under the auspices of the Federal Rules of Civil Procedure; (3) Rule 53(b) provides that "in actions to be tried without a jury, save in matters of

[2] 28 U.S.C. § 636(b) provides:

"Any district court of the United States . . . may establish rules pursuant to which any . . . United States magistrate, . . . may be assigned . . . such additional duties as are not inconsistent with the Constitution and laws of the United Staets. The additional duties authorized by rule may include, but are not restricted to

"(1) service as a special master in an appropriate civil action, pursuant to the applicable provisions of this title and the Federal Rules of Civil Procedure for the United States district courts;

"(2) assistance to a district judge in the conduct of pretrial discovery proceedings in civil or criminal actions; and

"(3) preliminary review of application for post-trial relief made by individuals convicted of criminal offenses, and submission of a report and recommendations to facilitate the decision of the district judge having jurisdiction over the case as to whether there should be a hearing."

account, and of difficult computation of damages a reference shall be made only upon a showing that some exceptional condition requires it''; (4) since there is not such exceptional condition here, the reference was improper and the magistrate was without jurisdiction to hear the case; and (5) since this is a jurisdictional matter, it cannot be waived by counsel. They further argue that even if the consent of the parties ratifies the reference, the district court employed an inappropriate standard of review, and the governing standard should not have been manifest error of fact or law, but errors of law and clearly erroneous findings of fact as provided in Rule 53.

The district court's analysis began with a holding that a consensual reference to a magistrate was not a reference to a special master within the meaning of 28 U.S.C. § 636(b)(1) and was instead governed by that part of § 636(b) which provides: "any district court . . . may establish rules pursuant to which any full-time United States magistrate . . . may be assigned . . . such additional duties as are not inconsistent with the Constitution and laws of the United States." Reviewing the law governing the powers of non-Article III[3] judges to hear and determine cases, it held that there was no statutory or constitutional bar to the magistrate adjudicating a civil case on the basis of the litigants' consent. And to determine the scope of review, the district court examined *Kimberly* v. *Arms*, 129 U.S. 512 (1889), which treated district court review as limited to the question of "manifest error" in law or fact. 383 F. Supp. at 336-337.

Defendants argue that it is constitutionally impermissible for an Article III judge to abjure decision making responsibilities and that the judge is therefore without power to

[3] U. S. Const. Art. III. A magistrate is an Article I judge, being a "tribunal inferior to the Supreme Court" and appointed pursuant to Congressional power under U. S. Const. Article I, Section 8, clause 9. *See Glidden Co.* v. *Zdanok*, 370 U.S. 530, 543, 552 (1962).

invest other non-Article III judicial officers or parajudges, such as magistrates, with broad authority. However persuasive such an argument may be where governmental sanction is threatened,[4] indicating a strong public interest in the outcome of litigation[5] and creating a countervailing necessity for extending the full measure of judicial process to the defendant,[6] or where parties to civil litigation properly before the federal judiciary insist on judicial resolution,[7] quite different policy and precedent should apply where the

[4] Notwithstanding such an argument, the Congress did extend to magistrates the authority to try *minor* offenses when all parties consent.

[5] For example, in arbitration cases public policy considerations and Congressional intent have an impact on the available forum. *See, e.g., Wilko* v. *Swan*, 346 U.S. 427 (1953) (the non-waiver provision in the Securities Act forbids bargaining away any right under that Act, including the choice of forum); *A&E Plastik Pak Co.* v. *Monsanto*, 396 F.2d 710 (9th Cir. 1968) (the validity of a contract under the Sherman Antitrust Act is not an arbitrable issue); *American Safety Equip Corp.* v. *J. P. Maguire & Co.*, 391 F.2d 821 (2d Cir. 1968) (a claim under the antitrust law states a claim in the public interest which Congress intended the courts to resolve). Similarly in *Wingo* v. *Wedding*, 418 U.S. 461 (1974), the Supreme Court limited its inquiry as to the propriety of a magistrate holding evidentiary hearings in habeas corpus cases to the question of whether the demonstrated Congressional intent of the Habeas Corpus Act, 28 U.S.C. § 2243 and the Magistrate's Act, 28 U.S.C. § 636(b)(3) precluded such a result.

[6] *See Crowell* v. *Benson*, 285 U.S. 22, 51 (1932); *see also* discussion of applicability of the doctrine to judicial reference in Note, *Masters and Magistrates in the Federal Courts*, 88 Harv. L. Rev. 779, 787-789 (1975).

[7] In the pre-Magistrates Act case of *La Buy* v. *Howes Leather Co.*, 352 U.S. 249 (1957), the district court had referred the private antitrust suit *sua sponte* to a master for hearing and preparation of findings after the judge had heard numerous preliminary motions and had become familiar with the case. All parties objected to the reference. The Court does not appear to rest on a constitutional analysis, *see* Harv. L. Rev. at 794, but rather on its supervisory powers, and the known disadvantages of referral to non-official masters paid by the parties. *La Buy* at 253 n. 5. *See also Good Eating Places* v. *Best Places to Eat, Inc.*, 131 F.2d 809 (7th Cir. 1942).

In *TPO, Inc.* v. *McMillen*, 460 F.2d 348 (7th Cir. 1972), the defendant had pressed for an early trial date, the judge *sua sponte* ordered reference to a magistrate of a motion to dismiss. Objection was made. After an exhaustive study of the legislative history of the Magistrate's Act, the court concluded that in the absence of consent, Congress did not intend to grant magistrates decision making power in civil cases. 460 F.2d at 359-361 and *see* nn. 63, 72. Neither the *La Buy* court nor the *TPO* court considered the impact of the antitrust policy upon the cases both brought thereunder. *See* n. 5 *supra*.

In *Wilver* v. *Fisher*, 387 F.2d 66, 69 (10th Cir. 1967), the parties did agree to reference to a master of supervision over interrogatories and the court was critical of the undertaking of such a proceeding by a master, but the Magistrates Act § 636(b)(2) now specifically provides for this kind of assistance to the district judge in the conduct of pre-trial discovery proceedings.

parties to a civil dispute themselves select another forum. Under such circumstances, it is inappropriate to evaluate the problem as one of the right of the judiciary to relinquish its authority.[8] The issue is not the power of the judge to refer, but the power of the parties to agree to another arbiter, absent overriding constitutional considerations.

There is old authority for consensual reference for decision after court proceedings have been instituted. In *Heckers* v. *Fowler,* 69 U.S. 123 (1864), the parties agreed to a reference under the terms of which the report of the referee was to "have the same force and effect as a judgment of the court." *Id.* at 127. In responding to a challenge to the power of a federal court to authorize such a proceeding, the Court endorsed the holding of an earlier case that "a trial by arbitrators, appointed by the court, with the consent of both parties, was one of the modes of prosecuting a suit to judgment as well established and as fully warranted by law as a trial by jury . . . ." *Id.* at 128-129. It also recognized that, assuming the preservation of exceptions to acceptance of the report and a sufficient record, the same scope of appellate review would be available as in the case of appeal from an ordinary trial court judgment. *See also Newcomb* v. *Wood,* 97 U.S. 581 (1878). And, in *Kimberly* v. *Arms,* 129 U.S. 512 (1889), the Court said:

> "A reference by consent of parties, of an entire case for the determination of all its issues, though not strictly a submission of the controversy to arbitration — a proceeding which is governed by special rules — is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law." *Id.* at 524.[9]

We would add that we find nothing in *La Buy* v. *Howes Leather Co.,* 352 U.S. 249 (1957) to cast doubt on the propriety of truly consensual reference. The Court in *La Buy* was concerned with the wholesale resort to references to private masters ordered, despite objection, by district courts attempting to deal with crowded dockets, such references having gained notoriety for their delay and high cost. We see none of these problems in truly consensual references to magistrates.

Both *Heckers* and *Kimberly* spoke in terms of arbitration supervised by the Court even though both cases long antedated the present availability of authorization for binding private agreement to arbitrate future disputes. In that era, an agreement to arbitrate a dispute that might arise was not judicially enforceable,[10] although an arbitration award, once granted, was treated as the equivalent of adjudication by the courts.[11] There was a long history in the field of arbitration of unwillingness on the part of the judiciary to relinquish power to decide cases properly before the courts.[12] With the adoption of the Federal Arbitration Act, 9 U.S.C. §§ 1-14, this judicial hostility toward enforce-

[8] Our own prior cases on magistrates deal with such situations and are not apposite here. *O'Shea* v. *United States,* 491 F.2d 774 (1st Cir. 1974), was a habeas corpus case which allowed more latitude to the magistrate than was subsequently approved in *Wingo* v. *Wedding,* 418 U.S. 461 (1974). In *Rainha* v. *Cassidy,* 454 F.2d 207 (1st Cir. 1972), this court faced another habeas corpus case. And in *Reed* v. *Board of Election Comm'rs of City of Cambridge,* 459 F.2d 121 (1st Cir. 1972), there was no consent or understanding by the parties as to the scope of the reference, and we disapproved the procedure as we had intimated we would do in *Devcon Corp.* v. *Woodhill Chemical Sales Corp.,* 455 F.2d 830 (1972).

[9] Despite its reference to "the ordinary rules applicable . . . in tribunals established by law", the Court, in the succeeding sentence, said that review would lie to correct "manifest error in the consideration given to the evidence, or in the application of the law, but not otherwise." *Id.* This not only seems to us an internal inconsistency but introduces us to a concept currently without content.

[10] W. Sturges, Commercial Arbitration and Award, § 15 (1930).

[11] *Id.* at § 235 at 613; S. Williston, Law of Contracts § 1919 (3d ed. 1938): Simpson, *Specific Performance of Arbitration Contracts,* 83 U. Pa. L. Rev. 160, 163-164 (1934).

[12] *See Kulukundis Shipping* v. *Armtorg Trading Corp.* (Frank, J.), 126 F.2d 978 (2d Cir. 1942).

ment of arbitration agreements had gradually changed to approval of this mode of dispute resolution.[13] Under section 9 the court must enter judgment upon the award of the arbitrators unless certain abuses are apparent.[14] The authority of the courts to relinquish their decision making authority in favor of the arbitrators to the extent described in a private contract has long been assumed to have passed constitutional muster.[15]

From a constitutional viewpoint, we can see no significant difference between arbitration and consensual reference for decision to magistrates. In both situations the parties have freely and knowlingly agreed to waive their access to an Article III judge in the first instance. Or put another way, they have chosen another forum. Indeed, the decision to waive in the case of a consensual reference is more knowledgeable than in the case of an agreement to arbitrate a future dispute because it is made after the issue has crystallized. Both modes of conflict resolution serve the same goals of relieving scarce judicial resources and of accommodating the parties. If it be queried whether the dignity of Article III is being compromised by entering judgments on awards made by non-Article III personnel, the sufficient rejoinder is that judgments are entered on arbitrators' awards.

Defendants, however, urge that, even if there is no con-

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[13] *See* Note, *The Consequences of a Broad Arbitration Clause Under the Federal Arbitration Act*, 52 B.U. L. Rev. 571 (1972).

[14] 9 U.S.C. § 9 provides that judgment "shall be entered upon the award . . . unless the award is vacated, modified or corrected as prescribed in sections 10 and 11." Under these latter sections the court's authority to vacate an award is limited to situations of fraud, bias, or misconduct and its power to modify or correct is limited to material miscalculations or assumption of jurisdiction not granted to the arbitrator.

[15] *See Prima Paint Corp.* v. *Flood & Conklin Mfg. Co.*, 388 U.S. 395 (1967); *Bernhardt* v. *Polygraphic Co. of America*, 350 U.S. 198 (1956); *see also United Steelworkers of America* v. *Warrior & Gulf Navigation Co.*, 363 U.S. 574, 578 (1960).

stitutional defect vitiating consensual references to magistrates, such are now proscribed by the Magistrates Act in light of its legislative history. It is true that the legislative history of the Act clearly demonstrates an intent to subject the court's power to compel a reference of ordinary cases to the limitations of the Federal Rules (including Rule 53(b), preconditioning reference on a finding of exceptional conditions). That question, however, is not now before us.

The question here is whether the legislative history indicates that the same strictures were to be placed on consensual reference. Very little was said on this subject. Most of the voluminous testimony and written presentations were concerned with the duties which, *as of course*, could be assigned to magistrates. But what little was said makes it clear that it was assumed as given that consensual references were available. Defendants have not seen fit to acknowledge the relevant legislative history.

In the first place, the draft of the legislation which was to become the Magistrates Act was accompanied, as early as April of 1966, by a Senate subcommittee staff memorandum, quoted by the district court, stating: "The use of magistrates for duties that do not require the employment of an Article III judge, or in cases in which the parties consent to the use of a magistrate, may do much to increase the efficiency of the Federal Courts." Hearing on S. 3475 before the Subcom. on Improvements in Judicial Machinery of the Senate Comm. on the Judiciary, 89th Cong., 2d Sess., at 14 (1966).

A second indication of Congressional intent stems from the subcommittee's concern over the challenge made by then Assistant Attorney General Fred M. Vinson, Jr. to the proposed assignment of magistrates to try minor offenses if

the defendant knowingly and intelligently consented.[16] The subcommittee then charged its staff to make a study, which resulted in a memorandum addressed to "The Constitutionality of Trial of Minor Offenses by U. S. Magistrates". Hearings on S. 945 before the Subcom. on Improvements in Judicial Machinery of the Senate Comm. on the Judiciary, 90th Cong., at 246-256 (1967). The memorandum concluded that the proposed minor offense provision of the Magistrates bill was constitutional, drawing on factors supported by three separate lines of authority: (1) the fact that the magistrate would be an officer of the court and subject to its control; (2) the necessity of consent ["If any 'right' to trial by a good-behavior tenure judge exists, it is a due process right, which is waivable like other due process rights."]; and (3) the preservation of a right of appeal to the court. *Id.* at p. 254.[17] In the course of the memorandum, a separate subsection entitled "Consensual reference to special master" noted that "In ordinary practice before the Federal district courts, the parties can also consent to delegation of judicial responsibility to a court officer — a special master." and quoted from *Kimberly* v. *Arms, supra. Id.* at p. 253.[18]

Finally, in the Senate Report presenting the legislation to the Senate, S. Rep. No. 371, 90th Cong., 1st Sess. (1967),

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[16] Mr. Vinson's testimony and prepared statement are at pages 107-131 of these Hearings. Defendants cite the point made by this witness as throwing doubt on the capacity of parties to waive trial before an Article III judge in all cases. They do not refer to the subsequent developments referred to in the text. *See also* n. 4 *supra.*

[17] We do not pass on the validity of these perceptions as applied to criminal cases today, but employ them only to establish the Congressional perspective at the time of enactment.

[18] It may be of some significance that the Committee in quoting the language we have alluded to in n. 9, *supra*, saw fit to italicize the words "but not otherwise". While it thus called attention to the "manifest error" language of *Kimberly*, it also indicated that it understood the law to be that while a special master's report under a compelled reference is advisory only, "it is just as conclusive as the decision of the court when the litigants consent to the reference." *Id.* at 253.

the following passage, quoted by defendants, appears at p. 25:

> "(1) A magistrate may be assigned to serve as a special master in an appropriate civil action, under the conditions imposed by pertinent provisions of Federal Rules of Civil Procedure. This latter requirement was added as a clarification in response to comments made by the Committee on the Administration of the Criminal Law of the Judicial Conference. In particular, rule 53(b) provides that a reference to a master shall be the exception and not the rule; that in actions tried by a jury a reference shall be made only when the issues are complicated; and that in actions tried without a jury, save in matters of account, a reference shall be made only upon a showing that exceptional circumstances require it. These conditions, which in essence reflect the rule laid down by the Supreme Court in *LaBuy* v. *Howes Leather Company,* 352 U.S. 249 (1957), protect against any abdication of the decision-making responsibility that is properly that of the district courts."

Defendants omitted the subsequent sentence, which concluded the paragraph:

> "A memorandum entitled 'Restrictions on the Use of Special Masters,' prepared by the staff of the Subcommittee on Improvements in Judicial Machinery and published at pages 281-283 of the hearings before that subcommittee on the Federal Magistrates Act, provides an analysis of rules relevant to the assignment of magistrates as masters."

Recourse to the memorandum referred to reveals a paragraph entitled "General Restrictions", which ends as follows:

> "Furthermore, a reference cannot be made to a master

if it would result in an infringement of a party's right to trial by judge and/or jury or on any other substantive right. *Schwimmer* v. *United States,* 232 F.2d 855 (8th Cir.), *cert. denied,* 352 U.S. 833 (1956). But a party can waive these rights by consenting to a reference. *Allen Bradley Co.* v. *Local 3, IBEW,* 51 F. Supp. 36 (S.D.N.Y.), *reversed on other grounds,* 145 F.2d 215 (2d Cir.), *which was reversed,* 325 U.S. 797 (1943); see *Harte* v. *Williams,* 202 F.2d 190 (D.C. Cir. 1952)." Hearings on S. 945, *supra* at 282.

We see no contrary references in the legislative history. It therefore seems clear to us that the Congressional intent was to leave untouched the tradition, as Congress understood it, that parties could, without violation of Article III freely consent to refer cases to non-Article III officials for decision. We see no suggestion in the committee reports and no reason of policy which would limit consensual reference to "some exceptional conditions" as required by F. R. Civ. Pro. 53(b). As we have indicated above, the factors triggering the decision in *La Buy* are not present when the parties knowingly and freely agree to a reference to a magistrate. Indeed, on occasion, perhaps when the legal issue is closely balanced and the stakes are not high, or when expedition and expense are dominating factors, parties may prefer prompt decision, though by a magistrate, to decision by a judge. This avenue ought not to be barred. But in order that such references not be subtly coerced by a harried court, intentionally or not, district courts should adopt a procedure such as requiring that the parties file with the clerk of the court a letter of consent to have the magistrate render decision in the case, the clerk being bound not to disclose the identity of any who consent or who withhold consent.

That it is constitutionally and statutorily permissible to

refer cases, with the consent of all parties, for initial decision is clear. What does not appear at all clear to us is whether the decision of the referee once rendered is by statute subject to very limited review or to review for any prejudicial legal error as required by F. R. Civ. Pro. 53(e)(4). Mr. Justice Black observed in *Commonwealth Coating Corp.* v. *Casualty Co.,* 393 U.S. 145, 149 (1968), in a case involving an arbitrator charged with partiality, "[W]e should, if anything, be even more scrupulous to safeguard the impartiality of arbitrators than judges, since the former have completely free rein to decide the law as well as the fact and are not subject to appellate review." If review of arbitration awards can be limited to issues involving the integrity of the process (not the correctness of the decision), it may well be that review could be similarly limited as to consensual references for decision. But the actual scope of review that has been provided in the past is unclear. Various references we have cited suggest that the report of a referee to whom a case has been consensually referred for decision stands in the same position as a district court decision, reviewable by a court of appeals for clearly erroneous factual findings and errors of law. This would avoid an added tier of decision, but at the expense of losing the benefit of the district court's deliberaiton. The "manifest error" language in *Kimberly* would indicate a reduced standard, which the district court applied in this case. We have indicated our feeling that as applied to legal error, the term lacks content. It is possible that, following the analogy of arbitration, a truncated review to insure integrity of the process could be devised. But in the present state of the law we would be reluctant to approve even a clearly worded consensual reference to a magistrate which purports to finally bind the parties to his rulings of law. Until Congress, on reviewing the experience under the Federal Magistrates Act, fashions a review pro-

cedure for consensual reference for final (or semi-final) determination of all issues of law and fact, it might be better to rely on the formulation contained in Rule 53(e)(4).[19]

We need attempt no categoric answer to this issue since the reference in this case was not clear enough by its own terms to support the conclusion that the parties consented to a grant of power to the magistrate greater than that outlined in Rule 53 Fed. R. Civ. Pro.[20] The district court relied on the language of the order indicating that the parties agreed to "hearing and determination". But this language is fully compatible with the magistrate as trier of fact whose rulings on the facts are final under Rule 53(e)(4), but whose legal rulings have no binding force. We agree with the district court that the defendants' motion for summary judgment is some evidence of an intent to have the magistrate rule on issues of law, but, in light of the absence of any specific court rule addressing itself to the effect of a magistrate's decision and the failure to include in the order of reference a provision for entry of judgment upon the magistrate's award, we do not find this sufficient.

We must, therefore, treat the district court's failure to review the magistrate's decision on the law under Rule 53 as error. It may well be noted that, deciding that a different standard of review should be applied, logic should com-

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[19] Rule 53(e)(4) reads as follows:

"*Stipulation as to Findings.* The effect of a master's report is the same whether or not the parties have consented to the reference; but, when the parties stipulate that a master's findings of fact shall be final, only questions of law arising upon the report shall thereafter be considered."

[20] The district court itself recognized that the wording of the order was ambiguous, 383 F. Supp. at 331, n. 9, but rejected any constitutional challenge premised on that lack of precision, citing *Yascavage* v. *Weinberger*, 379 F. Supp. 1297, 1303 (M.D. Pa. 1974). We think that case is not authority for the one now before us. Where the scope of the arbiter's authority is to be determined by a voluntary undertaking, the document must clearly demonstrate the terms of the referral.

pel us to remand to the district court. But we would have to repeat the legal review and we see no favor to the parties in prolonging further these aging proceedings. We proceed, then, treating the factual findings of the magistrate adopted by the district court as subject to the clearly erroneous standard of Rule 52(a), and treating the legal decision of the magistrate as subject to the full review of this court.

II. The Merits.

We proceed to review the magistrate's findings in the light of the pleadings, the evidence, and the law. In *DeCosta I* we considered only the first cause of action in the complaint — that for misappropriation of "the idea and character", seeking damages based on defendants' unjust enrichment. Before us now are plaintiff's second and third causes of action, for trademark and/or service mark infringement and for unfair competition. In the second cause of action, plaintiff alleges that the slogan "Have Gun Will Travel", together with a figure of a knight chess piece and the words "Wire Paladin", as used in his calling cards, constituted his distinctive common law service mark or marks, which defendants intentionally infringed, appropriating the goodwill created by plaintiff, causing him serious financial damage. In the third cause of action plaintiff alleges that defendants intentionally copied plaintiff's service marks and his manner of dress (black outfit, white tie, mustache, etc.), and passed off their television character of Paladin as the original Paladin portrayed by plaintiff, profiting and diluting plaintiff's established goodwill, thereby deriving unjust profits. Plaintiff sought injunctive relief, an accounting for all profits, a trebling of "profits lost and damages suffered by plaintiff", plus a separate item of $2,000,000 damages.

The magistrate's well ordered opinion on cross motions or summary judgment was divided into findings of fact, a discussion of preemption and other threshold legal issues, and conclusions of law. After rehearsing the general factual background described in *DeCosta I,* 377 F.2d at 316-317, he made the following critical findings: (1) As to secondary meaning — some 21 witneses knew plaintiff as Paladin, 18 had seen him pass out his cards, and plaintiff received cards and letters addressed to him as Paladin; (2) As to confusion — the card and costume marks and dress of plaintiff were identical to those used in defendants' TV series, with attendant "great likelihood of confusion"; 21 witnesses discerned a similarity between plaintiff and the television Paladin, six first thought the television Paladin was plaintiff; (3) As to plaintiff's commercial activity — he "commercially held himself out to be 'Paladin' " and used his marks in interstate commerce to advertise his services as an entertainer, and in connection with his appearances at his pony ring where children paid for rides, and appearances at paid admission rodeos.

In his legal discussion the magistrate held that *DeCosta I* had not precluded recovery on the second and third causes of action; that the *Sears-Compco* decisions[21] had not preempted application of the common law of service marks and unfair competition or of the Lanham Act, 15 U.S.C. §§ 1125 and 1127; that a belated res judicata claim of defendants based on a trade mark administrative proceeding was not available; that plaintiff was not barred by laches in bringing this action six years after the alleged infringement; and that New York policy and law (as well as the Lanham Act, which is consistent therewith) applied.

Finally, the magistrate concluded that plaintiff's marks were not within the scope of copyright laws; that they had

[21] *Sears Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964).

been used in interstate commerce, and had acquired a secondary meaning; and that, although there was no direct competition involved defendants had infringed, had falsely advertised them to be their own, and had therefore unfairly competed. He held that defendants should account to plaintiff for all profits arising from the use of plaintiff's service marks.

We note at the outset of our analysis that two allegations of the complaint meet with no response in the findings of the magistrate; in the second cause of action the allegation of financial damage, and in the third cause of action, the allegation of "passing off". Since plaintiff's role-playing as Paladin was uncompensated, we think that any finding of financial damage would have been unsupported. We say the same about "passing off"; there is no evidence that the CBS nationwide television venture ever sought to draw luster from the Cranston paradigm. We recognize that precision of pleading no longer can be an absolute determinant of either liability or remedy. What, if any, effect these gaps between pleading and proof have we leave for later analysis.

Picking our way through the cluster of issues in several related but different fields of the law, we start where we left off, at *DeCosta I.* We there gave what has since been characterized as an expansive reading to *Sears* and *Compco. See, e.g.,* Comment, *Copyright Pre-emption and Character Values; The Paladin Case as an Extension of Sears and Compco,* 66 Mich. L. Rev. 1018 (1967-1968). We held that "if a 'writing' is within the scope of the constitutional clause, and Congress has not protected it, whether deliberately or by unexplained omission, it can be freely copied." 377 F.2d at 319. Since the cards — including the photograph — "were unquestionably 'writings' within the meaning of the copywright clause, and arguably were copyright-

able under the statute", *id.* at 321, we concluded that plaintiff could prevent others from copying them.[22]

We now know, after *Goldstein* v. *California,* 412 U.S. 546, 560 (1973), that "under the Constitution, the States have not relinquished all power to grant to authors 'the exclusive Right to their respective Writings'." In *Kewanee Oil Co.* v. *Bicron Corp.,* 416 U.S. 470, 478-479 (1974), this holding was summarized: "at least in the case of writings, the States were not prohibited from encouraging and protecting the efforts of those within their borders by appropriate legislation." Were we to take this literally, we would see no reason to look on *Goldstein* as relevant to this case; plaintiff relies on a common law service mark as subsumed also by a federal statute, 15 U.S.C. § 1125 (part of the Lanham Act), but not state legislation. Nevertheless, since the countervailing state law found sufficient in *Kewanee* was common law, not statutory law, we do not read its capsule of *Goldstein* literally.

We face a dilemma. *Goldstein* tells us that we were, in our interpretation of the preemptive reach of the Copyright Clause, over-inclusive. And yet, what we decided in *DeCosta I* has settled, for this case, the issue of misappropriation. Had *Sears* and *Compco* remained unglossed, we might well rule that *DeCosta I* had predetermined our decision on the second and third causes of action. For if defendants could not be prohibited from copying the cards, which gave the defendants all that they took from plaintiff and incorporated in their series, would not any sanction, whether based on service mark infringement or unfair competition, denigrate their license? We do not, however, rest on any such implications of *DeCosta I,* realizing that we do

[22] To the extent that a "character" was "ineffable", incapable of "concrete describable manifestation of intellectual creation", and therefore ineligible for copyright protection, we thought it also ineligible for any protection, state or federal. Pre-*Goldstein*, this supposition had respectable support. *See* Nimmer, The Law of Copyright, Vol. 1, § 30, p. 137, n. 595.

not have a tabula rasa to write upon.

A starting point, of course, is the explicit domain left open in *Sears,* that a state "may protect businesses in the use of their trademarks, labels or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of such goods." 376 U.S. 225, 232.[23] A second guideline is that in *DeCosta I* we dealt only with copying "simpliciter"; to the extent that other elements of other causes of action are relevant, we are free to consider them. In the context of the instant case, we are free to consider deception and passing off, secondary meaning and likelihood of confusion.

Our first inquiry is whether plaintiff's marks and dress are protectible under either the broad concept of unfair competition or that part of unfair competition dealing with trade and service mark infringement. As to plaintiff's dress, this may have had less claim to protection against infringement than his card. For there is no question but that the photograph of plaintiff in full regalia which he widely distributed was copyrightable. 17 U.S.C. § 5(j), *Burrow-Giles Lithographic Co.* v. *Sarony,* 111 U.S. 53 (1884). The card is less vulnerable on copyright preemption grounds. Its three components — the slogan, "Have Gun Will Travel", the name in the phrase "Wire Paladin", and the knight chess piece — are in categories protectible as common law trade or service marks. *See, e.g.,* Callman, The Law of Trademarks, Vol. 3, § 77.4(g) (slogans); § 66.1 (trade names).

What is not clear is whether plaintiff's activities in connection with his marks entitle him to the protection of trade and service mark law. As we said in *DeCosta I,* 377 F.2d at 316, "[t]his was perhaps one of the purest promotions ever staged, for plaintiff did not seek anything but the enter-

[23] While the Court makes reference to goods, we construe the caveat to apply also to common law service marks.

tainment of others." Plaintiff testified that he never used the name "Paladin", the slogan or the chess piece for any business use, and never published any advertisements; that he did not even receive his expenses for appearances at horse shows and rodeos; and that the distribution and mailing of pictures and cards was costly to him. The closest point to commercialism that plaintiff came was in conducting a horse trading business at a ranch, where he stapled some of his cards to some beams near the ceiling of a barn. In 1953, he left that ranch and established a pony ranch, sold rides and, in costume, passed out cards and photographs to children. This business ended in September of 1957, when plaintiff had to move out. Ironically, this was the month when defendant's television series commenced. From then through 1964 plaintiff continued to appear in parades, at hospitals, and at other gatherings, but was not, apart from his employment as a mechanic, associated with any business venture.

While the magistrate found that plaintiff "commercially held himself out" to be "Paladin", and that he used his service marks in interstate commerce to advertise his services, we interpret his holdings not as purely factual ones but as decisions combining both law and fact. That is, the findings could not, on this record, be that plaintiff was engaged in a remunerative business, sparked by the profit motive. Rather, they were findings that plaintiff regularly (on week-ends) held himself out as a personality and entertainer, appearing in various states, and that, even though he incurred expense without receiving income, this activity constituted the rendering of service in interstate commerce. The Lanham Act, 15 U.S.C. § 1127, is, for our purposes, delphic, that is, circular in its relevant definitions. It defines a service mark as "a mark used in the sale or advertising of services to identify the services of one person and

distinguish them from the services of others."[24] "Commerce" means "all commerce which may lawfully be regulated by Congress" and a service mark is deemed to be used in commerce "when it is used or displayed in the sale or advertising of services and the services are rendered in commerce, or . . . in more than one State . . . and the person rendering the services is engaged in commerce in connection therewith."

Defendants rely on cases such as *Hanover Star Milling Co.* v. *Metcalf*, 240 U.S. 403 (1916) and *United Drug Co.* v. *Rectanus Co.*, 248 U.S. 90 (1918), for support of the proposition that a trade mark is inseparable from the goodwill of a business. Defendants also cite the recent case, *Heinemann* v. *General Motors Corp.*, 342 F. Supp. 203 (N.D. Ill. 1972), *aff'd*, 478 F.2d 1405 (7th Cir. 1973). In that case a plaintiff had "modified" an ancient Model A Ford and had named it "The Judge", after the well known skit in "Laugh In", a television show. He raced and exhibited his car, occasionally receiving a mileage allowance, radio advertising, and free entry in a race. He intended to open an automobile equipment shop and capitalize on the good will generated by the slogan. After defendant General Motors brought out a new Pontiac called "The Judge", plaintiff adopted another name. The court rejected plaintiff's claims for trade and service mark infringement and unfair competition, holding, citing only *Rectanus, supra,* that the slogan, to be profitable, must be used in connection with a trade or business at the time of the infringing activity. All plaintiff had was the desire to open a business in the future, together with the hobby of racing and displaying his automobile.

From a policy point of view, the functions served by a

[24] It adds, "Titles, character names and other distinctive features of radio or television programs may be registered as service marks notwithstanding that they, or the programs, may advertise the goods of the sponsor."

trademark (or service mark)—an indication of origin, a guarantee of quality, and a medium of advertisement, 3 Callman, § 66.3, p. 36—suggest association with enterprises selling their goods or services. Callman refers to a service mark as "the mark of a business that only renders service and is not engaged in the manufacture or sale of goods." *Id.* § 68.1, p. 69. And, again, "The service mark must, of course, be used as an identification mark, and it must perform the same functions in the selling and advertising of services that a trademark traditionally performs in respect of goods." *Id.* § 68.1, p. 71.[25] Our impression, derived from our scrutiny of the cases, the treatises with their myriads of citations, and the periodical literature including the Trade Mark Reporter, is that virtually all the litigation and doctrine center about the pursuit of economic gain.

We say "virtually" because the law of unfair competition now protects "eleemosynary organizations [which] function in commerce and, in form, resemble business enterprises .... The happenstance that they are nonprofit-seeking ventures, and therefore removed, as such, from the rigors of business competition, neither eliminates the element of competition nor disentitles them to protection against the unfair competition of similar organizations." Callman, Vol. 1, § 1.1, p. 4. *See, e.g., The President and Trustees of Colby College* v. *Colby College—New Hampshire,* 508 F.2d 804 (1st Cir. 1975). While the quoted passage speaks only of protection against unfair competition from similar institutions, we have no doubt that a non-profit institution may protect its name against filching by a commercial company. It is not a big step in theory to say that an individual who develops and promotes for entertainment purposes a specialty character associated with a distinctive name, costume, slogan, and

[25] *See, also,* Callman, Vol. 1, § 2.2 for a discussion of good will, in which the common core, whatever may be the generating cause, is economic and pecuniary advantage of a going concern.

other marks, but who never charges a fee, is also entitled to protection under the common law doctrine relating to trademarks and unfair competition. But, if the step were taken, what principle should both guide and limit? If plaintiff is recognized as one who performs services in commerce, what about the hobbyist magician, square dance caller, story teller, amateur actor, singer, barbershop quartette, stand-up comic? How frequent must be the appearances? How prominent the mark? How often must the performer appear in other states to enjoy Lanham Act protection? We know of no logical or obvious line of demarcation. The price of an open-ended extension of protection for some creative activity is, pro tanto, a curtailment of the borrowing, poaching, imitation which underlie so much other innovative activity.

Protection at present has the merits of inherent limitations: the existence of a trade, business, or profession where the "good will" to be protected has been subject to the acid test of the willingness of people to pay for goods or services; or, in the case of nonprofit institutions, the voluntary investment in time, effort, and money of many individuals to create and maintain a program of sufficient interest to consumers, members, and sponsors to warrant protection. We hesitate to take the step of offering common law unfair competition protection to eleemosynary individuals. Whether legislatures are better equipped than courts to deal with this problem, we cannot clearly say, but in our posture of doubt would prefer to see expansion of protection come from that source.

Having exposed our misgivings, we do not rely on a holding that the absence of a profit-oriented enterprise disqualifies plaintiff from protection. We shall assume, therefore, that plaintiff's marks meet the requirements of common law service marks. We also shall assume that they are distinctive enough so that proof of secondary meaning

is not essential. In the alternative, we shall accept the finding of the magistrate, adopted by the district court, that, at least among some people, plaintiff's name and card had come to be associated with him.

This brings us to the critical issue: whether there was a deceiving of the public as the result of defendants' actions. As we have noted, there was not and could not supportably have been a finding that defendants passed off or palmed off their "Paladin" and television program as the creations of plaintiff. Having already decided in *DeCosta I* that there was no culpable misappropriation, we are left with the issue of confusion, or its likelihood.[26] As Callman has said, "It is the gravamen of an action for trademark infringement that the defendant's use of a trademark similar to the plaintiffs' created a likelihood of confusion." Callman, Vol. 3, § 80, p. 538. He states further that "There is a confusion of goods when an 'ordinarily prudent purchaser would be liable to purchase one product in the belief that he was purchasing the other,'" *Id.* at 541 [footnote omitted]. In resolving this issue there are several guidelines: there need not be a similarity of competing activities, *id.* at 539, or goods or services of the same description; confusion may consist in misleading as to the identity of goods, or of source, or of a relationship to the originator, *id.* at 543-546; and "Mere visual or side-by-side comparisons of the trademarks will not alone suffice. Extrinsic facts are highly significant, as, for example, the types of goods, the classes of prospective purchasers, the competitive relationship of the parties, third party registrations, the extent of the public's awareness of the plaintiff's trademark, the manner of trademark use (visual, audi-

[26] This is consistent with the approach of the magistrate, who held that New York law was applicable. He cited and quoted, *inter alia*, *Geisel* v. *Poynter Products, Inc.*, 238 F. Supp. 261 (S.D. N.Y. 1968), which, in applying New York law, said, "The plaintiff is not required to prove actual palming-off. A showing of the likelihood of customer confusion as to the source of the goods is sufficient."

tory, or mental), the degree of the defendant's necessity to use his mark, and the trend towards expansion in the respective trade or industry as to territory or line of merchandise.[27] *Id.* at 556.

There is another factor, we think, which should guide a judgment as to likelihood of confusion—the time when the evidence is submitted. There is ample reason, at the incipiency of an alleged infringement, in a suit seeking injunctive relief, for a plaintiff to argue and a court to rule that the similarity of marks is such that confusion is all too likely to ensue. Plaintiff should not be expected to stand by and await the dismal proof. Callman, Vol. 3, § 80.6, pp. 559-560. "[C]onversely", adds Callman, "after the lapse of substantial time if no one appears to have been actually deceived that fact is strongly probative of the defense that there is no likelihood of deception arising out of the use of the mark in question." *Id.* at 562. Defendants have urged that plaintiff, having delayed for almost the entire limitations period before bringing suit, should be barred by the doctrine of estoppel by latches from further prosecution of this litigation. Plaintiff's rejoiner is that he was, during this period, going from attorney to attorney, seeking assistance before he was able to make progress. We do not find in the authorities sufficient support, where defendants' action was found by the jury to be deliberate and knowing, to invoke this doctrine. Nevertheless, we do say that the delay, for reasons stated, increases the quantum of proof of confusion which the plaintiff has the obligation to supply.

When we examine the magistrate's opinion on this issue, we find only a finding as to the identical nature of the marks used by plaintiff and defendants and the resulting "great likelihood of confusion" therefrom, and another that "At

[27] Following the passage, Callman adds, in his 1974 Cumulative Supplement, p. 46, "Such extrinsic facts may be so controlling that, notwithstanding the identity of the conflicting trademarks, there is no likelihood of confusion."

least 6 . . . witnesses testified that they had at first thought, on viewing the television program, that Richard Boone was the plaintiff Mr. DeCosta until they learned the contrary from viewing the credits of the show, or otherwise."[28] The paucity of these findings takes on some significance when we note that after remand of the case to the district court in 1968, following our decision in *DeCosta I*, the plaintiff was given the opportunity to supplement the record in support of his second and third causes of action. The quoted findings are the result.

The magistrate's findings being treated as final, they are here subject to the same standard of review as are district court findings under Fed. R. Civ. Pro. 52(a). They must be accepted unless clearly erroneous. On this issue, however, we see no alternative to saying the finding is not supported. If the identity of the marks settled the question of likelihood of confusion, there was no need for further evidence after *DeCosta I;* we had taken some pains to make the point. But, in fact (rather, in law) extrinsic evidence, as we have noted, should be considered. Here, the disparities are substantial. Plaintiff's enterprise was localized; defendants' was nationwide. Plaintiff's appearances were simple happenings, passing out cards and pictures, riding, occasionally walking his horse, and executing a quick draw gun maneuver; defendants' extrinsic television series portrayed an elegant hired gun on manifold missions. Plaintiff's "customers" were attendees at rodeos and parades, patients at hospitals, etc.; defendants' purchasers were its program's sponsors, who in turn were responsive to the nation's television audience. Moreover, plaintiff's suit was not brought in 1957 when the alleged infringement began; the testimony as to likelihood of confusion was introduced by affidavit eleven years later,

[28] Another finding, that 21 witnesses thought on viewing the television program that "There was a physical similarity" between plaintiff and the television character falls short of proof that they were "actually deceived".

when the first run of defendants' series had terminated. After this lapse of time, the testimony of six witnesses that they thought, on first viewing the program, that the television character Paladin was plaintiff is sufficient evidence of likelihood of confusion to support an accounting of defendants' profits from a highly successful, 225 episode series grossing over fourteen million dollars, seems to us either no evidence at all or so minimal as not to support a finding of likelihood of confusion. We do not blame plaintiff or counsel; we suspect that the most exacting search for proof would not have produced more.

We recognize that plaintiff has lost something of value to him. The very success of defendants' series saturated the public consciousness and in time diluted the attractiveness of plaintiff's creation, although he continued his appearances longer than defendants' first run. While he was not injured financially, there can be no doubt that he has felt deprived. As a commentator has observed, "[I]t could be argued that the most appropriate measure of damages would be the emotional harm that he suffered when CBS exploited his character and lured his audience away." 66 Mich. L. Rev. at 1034. But to give any relief, however tailored, we need a predicate of liability. Absent the ultimate fact of confusion, we cannot find a basis for liability for common law service mark infringement or unfair competition.

Judgment reversed. Remanded with instructions to enter judgment for defendants.

ALDRICH, *Senior Judge,* (concurring). I concur in the court's opinion, except in the possibilities it leaves open with respect to review of a magistrate's rulings of law. On that issue the court states that it is "not at all clear . . . whether

the decision . . . is by statute free of any review, subject to very limited review, or must be held at least to review for any prejudicial legal error as required by F.R.Civ.P. § 53(e)(4)." It is true that the court adopted the final alternative, but this was because the reference had not made clear that review would be any more restricted. I am troubled that other possibilities should even be contemplated.

As to the first mentioned, it is true that arbitrators are normally free of review, legal as well as factual. I do not believe, however, that the magistrate system was provided by Congress to furnish free arbitration service. If parties are content to work outside the judicial system, well and good, but I cannot think Congress intended to pay for it, even though, in a broad sense, a non-reviewable magistrate would "assist" the courts more than one subject to review. I add that to have such unlimited power would not be good for magistrates themselves, who must normally function in a framework of assistance, not of final decision. *Cf. O'Shea* v. *United States,* 1 Cir., 1974, 491 F.2d 774.

At least non-review would be a recognizable procedure. The intermediate suggestion, that magistrates should, with the consent of the parties, make rulings of law are subject to review for manifest error, only, to me makes no sense whatever. It would be an anomaly in the law. I do not know the standard it suggests, or how one would apply it. In the case of an alleged manifest error of fact, if the evidence supports a finding either way the magistrate's choice will be final. How does a magistrate have discretion to choose between two rulings of law? The law is the law. Of course there may be a non-prejudicial error, but that is not what the court is talking about. Secondly, why should a magistrate be given such power? The court's recognition of such a possibility seems to me both unworkable and unwarranted.

It is true that in the case of *Kimberly* v. *Arms,* 1889, 129

U.S. 512, the Court might be thought of having spoken of such a form of review. I believe, however, that the language should be taken as a whole. At page 524 appears the following:

> "A reference by consent of parties, of an entire case for the determination of all its issues, though not strictly a submission of the controversy to arbitration—a proceeding which is governed by special rules—is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law. Its findings, like those of an independent tribunal, are to be taken as presumptively correct, subject, indeed, to be reviewed under the reservation contained in the consent and order of the court, when there has been manifest error in the consideration given to the evidence, or in the application of the law, but not otherwise."

If by this language the Court meant that the errors of law, there by a special master, were less reviewable than what has since been fully understood to be the normal scrutiny applied to masters, and certainly is applied to rulings of Article III judges, I believe it was an inadvertence. If not, it has never been repeated. I see no basis for suggesting that a magistrate should be in such a unique position that he is less reviewable than anyone else in the judicial system, and I regret that my brethren should be willing even to contemplate it.

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UNITED STATES COURT OF APPEALS
FOR THE FIRST CIRCUIT

[SEAL]

No. 74-1391.

VICTOR DeCOSTA,
Plaintiff, Appellee,

v.

COLUMBIA BROADCASTING SYSTEM, INC., ET AL.,
Defendants, Appellants.

JUDGMENT

Entered June 24, 1975

This cause came on to be heard on appeal from the United States District Court for the District of _____ Rhode Island _____, and was argued by counsel.

Upon consideration whereof, It is now here ordered, adjudged and decreed as follows:

The judgment of the district court is vacated and the cause is remanded with instructions to enter judgment for defeandant.

No Costs.

By the Court:
Dana H. Gallup
Clerk.

Enter: Coffin, Ch. J.

[cc: Messrs Girden and Dworkin.]

DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF RHODE ISLAND
Civil Action No. 3130

[SAME TITLE]

OPINION

September 23, 1974

PETTINE, Chief Judge. The question being decided by the Court today is whether an order of reference to the Magistrate of this district for "hearing and determination" of a civil non-jury case by stipulation of the parties and counsel was ultra vires and beyond the jurisdiction delegated to United States Magistrates under Title 28 U.S.C. § 636(b); violative of defendants' constitutional rights and void ab initio.

A three count complaint was filed in this controversy and by agreement of the parties Count One was tried to a jury before another judge of this Court with Counts Two and Three, dealing with infringement of a claimed common law service mark and alleged unfair competition, reserved for disposition by the Court sitting without a jury.

On August 6, 1973, subsequent to the trial on Count One, the parties executed a stipulation that Counts Two and Three be determined by this judge on the basis of the trial transcript including all exhibits, together with a stipulation of additional testimony. On October 5, 1973 by agreement of all the parties concerned an order was entered referring the matter to the Magistrate under authority of 28 U.S.C. § 636.[1]

Briefs were submitted to the Magistrate and oral arguments, electronically recorded, were considered not only

on the merits of the case but also on motions directed to him by the defendants to add the affirmative defense of res adjudicata. On April 15, 1974 a report was filed by the Magistrate setting forth his findings of fact and conclusions of law sustaining the plaintiff's position. On April 19, 1974 for the first time the defendants objected to this procedure and argue "they nor their attorneys were actually aware, or had any reason to be aware of their lack of capacity to ratify the reference . . . that consent to a procedure that is statutorily *ultra vires* and constitutionally infirm in the first instance is without effect." (Defs.' memo, pp. 16-17.) This Court granted a stay of all further proceedings pending determination of the validity of the referral.

The need to relieve the burdening case load of federal courts has spawned the Federal Magistrates Act which became law on October 17, 1968. The assistance to district judges which a magistrate can render as set forth in the Magistrates Act encompasses a variety of functions including the broad power vested in the court to assign to magistrates as "Article 1[2] judges," "such additional duties as are not inconsistent with the Constitution and laws of the United States."[3] Through this mechanism judges can best relieve the congestion of overcrowded dockets.[4] However, the extent of the judges' authority to delegate and the scope of review are not entirely clear. Both are being defined through the evolving process of decisional law which, since the enactment of the Magistrates Act, has not spoken to the precise issues at stake in this controversy.[5]

This entire discussion of the legality and constitutionality of the reference to the United States Magistrate made herein must be prefaced by citation to the myriad of provisions pursuant to which the reference was made. The order of reference (note 1, *supra*) was not simply an *ad hoc* determination by the Court, but was premised not only on

the consent of the parties, but in addition on the following statutory provisions and rules:

(1) The United States Magistrates Act, 28 U.S.C. § 631 *et seq.*, especially § 636(b), (note 3, *supra*);

(2) Rule 32 of the Local Rules of the United States District Court for the District of Rhode Island;[6]

(3) The "Standing Order Providing for the Utilization of United States Magistrates" of the United States District Court for the District of Rhode Island, as amended.[7]

The background of the reference made herein is highlighted by two very important factors, which will be developed more fully *infra*:

(1) The consent of the parties to a "hearing and determination" by the Magistrate, including the defendants' specific invocation of the magistrate's powers subsequent to the reference with regard to a motion to amend, and;

(2) The opportunity reserved to the parties for review of the Magistrate's findings by the referring judge.

On the basis of these two factors, the authority cited by the defendants can clearly be distinguished. The significance of the consent by the parties cannot be ignored nor be negated by the unbecoming statement of defense counsel that, "Neither they [clients] nor their attorneys were actually aware, or had any reason to be aware of their lack of capacity to ratify the reference." Such self deprecation after adverse findings might have served a useful purpose if this Court could accept the premise that the delegation was in the first instance an unconstitutional abdication of this Court's judicial function as an "Article 3 judge."

To me decisional law and the Magistrates Act itself[8] leaves little doubt that consensual references in civil matters are authorized.

Extent of Order of Reference

It has been stated, with respect to orders of reference to a master, that such an order is "at once the chart and limitation of the master's authority." *Ferguson Contracting Co.* v. *Manhattan Trust Co.,* 118 F. 791, 794 (6th Cir. 1902). See 5A, J. Moore *Federal Practice,* paragraph 53.06 at 2966. The same is undoubtedly true as to references to a magistrate. While the instant order denominated the reference as one "for hearing and determination," it is clear that this order, when read in light of the Local Rules and the Standing Order, see notes 6 and 7 *supra,* reflects that the parties consented to a hearing and determination by the Magistrate, which, of course, is subject to review by the referring judge.[9] The issue to be determined as discussed *infra* is the standard of review. The defense argument that this consensual reference was *ultra vires* as a reference for *final* determination is simply without merit.

Authority to Refer Under Federal Magistrates Act Broader Than Under Rule 53, Fed.R.Civ.P.

Defendants press their objection to the reference herein beyond the above erroneous assumption that the magistrate was delegated the authority to enter a final judgment not subject to review by the district judge. Such further objection is apparently premised on the theory that reference to the magistrate in a civil action of matters going to the merits of the litigation must be made, if at all, in accordance with the strict requirements of a reference to a master under Rule 53, Fed.R.Civ.P. In particular, the

defendants attach overriding consideration to the fact that, under Rule 53(b) "[a] reference to a master shall be the exception and not the rule" and that no "exceptional conditions" existed in the instant case to justify the reference, despite consent of the parties. See *LaBuy* v. *Howes Leather Company,* 352 U.S. 249, 77 S.Ct. 309 (1957) (congested calendar not "exceptional condition" justifying reference to master under Rule 53(b)).

Defendants overlook, however, the fact that reference to a United States Magistrate pursuant to 28 U.S.C. § 636(b) may be broader than reference to a master under Rule 53(b), and indeed should be in order to accomplish the broad goals that the Magistrates Act was designed to facilitate.

In *Yascavage* v. *Weinberger,* F.Supp. (#72-232 Civil, M.D.Pa., May 15, 1974), the court, in considering an appeal from an administrative decision denying certain Social Security benefits to petitioner, referred the Government's motion for summary judgment to the magistrate for report and recommendation to the district judge. Upon motion to vacate the referral, on the grounds that it exceeded the parameters of a referral to a master as embodied in Rule 53(b), the court in upholding the referral made particular note of the following language from the statute:

> "[the magistrate] may be assigned such *additional duties as are not inconsistent with the Constitution and laws of the United States.* The additional duties authorized by rule *may include, but are not restricted to*—
>
> (1) Service as a special master in an appropriate civil action . . . ." (emphasis added)

The court in *Yascavage* in criticizing and specifically rejecting the narrow reading of the Act in *Ingram* v. *Richardson,* 471 F.2d 1268 (6th Cir. 1972) noted that the limitation of magistrate utilization to the duties enumerated in § 636(b)

was an "unduly restrictive" view of the Act in light of the "additional duties" language highlighted above.[10]

> "There is no indication [in the legislative history of the Magistrate's Act] . . . that it was considered that *all* matters referred to a magistrate are referrals as a master under Rule 53(b), and the language of § 636(b), of course, would not justify any such construction of the Act." [11]

Thus, § 636 is an express legislative recognition that the magistrate may be assigned any duties which are not inconsistent with the Constitution and laws of the United States. The issue herein is therefore quite narrow—is the reference to a United States Magistrate, of cross-motions for summary judgment, upon the express consent of the parties with the right of review to the referring judge, a delegation of authority in contravention of the Constitution and laws of the United States. I find the reference made herein was entirely within the scope of § 636(b) and was entirely consistent with the Constitution.

Defendants rely heavily on the Seventh Circuit's decision in *TPO, Incorporated* v. *McMillan,* 460 F.2d 348 (7th Cir. 1972), in which case the court concluded

> ". . . that magistrates have no power to decide motions to dismiss or motions for summary judgment, both of which involve ultimate decision making, and the district courts have no power to delegate such duties to magistrates."

While the broad holding in *TPO* appears to favor defendants' position, I cannot accept this decision as precedent for the case at bar, for a closer examination of the entire opinion reveals a number of facts which would distinguish the reference made therein from the instant case. In *TPO* the decision to refer the case to the magistrate was that of the court, without the consent of the

parties. The party opposing the reference made an immediate motion to vacate the reference, which was denied. After the magistrate entered an order denying the motion to dismiss (the subject matter of the reference), the party opposing the reference immediately sought relief from the order of reference by means of a mandamus petition to the appellate court. At the time of the reference, neither the local rules or the order of reference provided for review of the magistrate's finding by the district court. A totally dissimilar situation is before me, in that total and unfettered consent of the parties was obtained prior to the reference, no efforts were made to vacate the order of reference until the Magistrate had completed his assignment, and right to seek review from the referring judge was preserved.[12]

Analogously, consensual references to a master to hear and decide all issues and to report his findings of fact and law have previously been found not to offend the Constitution, at least insofar as a right to review in the district court is preserved. See *Kimberly* v. *Arms,* 129 U.S. 512, 9 S.Ct. 355 (1889); *Davis* v. *Schwartz,* 155 U.S. 631, 15 S.Ct. 237 (1895); *Eichberg* v. *United States Shipping Board Emergency Fleet Corporation,* 273 F. 886 (D.C.Cir. 1921). It is true that these cases enumerated a more restrictive standard of review in the district court in situations in which reference to the master was consensual. It is equally true that such a distinction as to standard of review enumerated in those cases has been abrogated by Rule 53(e)(4), Fed. R. Civ. P.[13] However, the precedential value of the decision in *Kimberly* v. *Arms, supra,* and its progeny is *not* that they represent the current status of the law with regard to reference to a master, but more importantly for our purpose, that they stand for the clear approval by the Supreme Court that a consensual reference to other than an Article III judge, even if accompanied by less than *de novo* review by the district court, is not inconsistent with the Constitution of the United States. Viewed in this

light it is clear that a consensual reference to a magistrate, even if beyond the rigid requirements of a Rule 53 reference, is still a *constitutional* reference within the parameters of the "additional duties" provision of the Magistrates Act.

I fail to find the rationale behind the restrictions on Rule 53 references to masters to be applicable to consensual references to the magistrate. In *LaBuy* v. *Howes Leather Company, supra,* the court reiterated the admonition in Rule 53 itself that reference to a master "shall be the exception and not the rule" and that "save in matters of account and of difficult computation of damages, a reference shall be made only upon a showing that some exceptional condition requires it." The court clearly favored,

> ". . . trial before a regular, experienced trial judge rather than before a temporary substitute appointed on an *ad hoc* basis and ordinarily not experienced in judical work." 352 U.S. at 259.

In enacting the Magistrates Act, however, Congress has expressly provided for safeguards to the dangers of delay, incompetency and conflict of interest which the Supreme Court in *LaBuy* found endemic in the system of reference to a master. See *United States* v. *Eastmount Shipping Corporation, supra.*[14] It is easy to see, therefore, why Congress did not limit the use of a magistrate to service as a master but indeed broadened the potential scope of his authority to include "additional duties not inconsistent with the Constitution and laws of the United States."

Furthermore, even as to references to a master, *LaBuy* does not address itself to the question of a consensual reference, since the reference therein was made by the court *sua sponte* without the consent of the parties and was contested by *all* parties *prior* to compliance with the order through motions to vacate the reference. Upon denial of those motions in the district court, the parties sought immediate relief in the Court of Appeals by seeking mandamus against the referring judge. As in *TPO, supra,* the question of a consensual reference to a duly authorized Article I judge in a civil case was simply not dealt with by the Supreme Court in *LaBuy.*

Consent and Waiver

The assumption behind a "waiver" theory is that the reference was initially invalid but that the defendant, by consenting to and acquiescing in the magistrate's consideration of the issues, defendant waived any objection to the reference itself (wholly apart from objections on the merits to the findings of fact and conclusions of law by the magistrate). As discussed previously, I do not find that the reference was improper. However, even under a restrictive view of the Magistrates Act, I find plentiful support in the decisional law to the effect that the consent of the defendants to reference to a master under Rule 53, without timely objection to the order of reference, constitutes a waiver of objections to the reference. *McGraw-Edison Company* v. *Central Transformer Corporation,* 308 F.2d 70 (8th Cir. 1962); *First Iowa Hydro-Electric Cooperative* v. *Iowa-Illinois Gas and Electric Company,* 245 F.2d 613 (8th Cir.) 355 U.S. 871 (1957); *Hart v. Williams,* 202 F.2d 190 (D.C.Cir. 1952); *Westchester Fire Insurance Co.* v. *Bringle,* 86 F.2d 262 (6th Cir. 1936); *Smith* v. *Brown,* 3 F.2d 926 (5th Cir. 1925).[15] There is simply no support for defendants' theory that a consensual reference to a master under Rule 53, even if arguably beyond the "exceptional conditions" language of the Rule, is void ab initio.[16] Nor is the analogy to the rule that subject matter jurisdiction cannot be conferred on a court by consent valid as to a consensual reference to a magistrate.[17]

Standard of Review

The final inquiry concerns the weight to be given to the magistrate's findings of fact and conclusions of law upon review by the district judge. The Standing Order of this Court as to the utilization of United States Magistrates, as amended, is cited in pertinent part in note 7, *supra*.

While the Standing Order makes no distinction between the standard of review as it pertains to consensual or non-consensual references, I find that Paragraph 13.1 sets the standard of review *only* for reconsideration of non-consensual references. If the Magistrates Act is to achieve the formidable goal of relieving the burgeoning case load of the district courts, the findings of a magistrate following a consensual reference to him must be taken as presumptively correct upon review by the district judge. Thus the standard of review adopted by the Supreme Court in *Kimberly* v. *Arms, supra,* pertaining to review following a consensual reference to a master, will be adopted by this Court for review following a consensual reference to a magistrate. In *Kimberly,* the court stated:

> "It is not within the general province of a master to pass upon all the issues in an equity case, nor is it competent for the court to refer the entire decision of a case to him, without the consent of the parties. It cannot, of its own motion, or upon the request of one party, abdicate its duty to determine by its own judgment the controversy presented, and devolve that duty upon any of its officers. But when the parties consent to the reference of a case to a master or other officer to hear and decide all the issues therein, and report his findings, both of fact and of law, and such reference is entered as a rule of the court, the master is clothed with very different powers from those which he exercises upon ordinary references, without such consent; and his determinations are not

> subject to be set aside and disregarded at the mere discretion of the court. A reference, by consent of parties, of an entire case for the determination of all its issues, though not strictly a submission of the controversy to arbitration,—a proceeding which is governed by special rules,—is a submission of the controversy to a tribunal of the parties' own selection, to be governed in its conduct by the ordinary rules applicable to the administration of justice in tribunals established by law. *Its findings, like those of an independent tribunal, are to be taken as presumptively correct, subject, indeed, to be reviewed, under the reservation contained in the consent and order of the court, when there has been manifest error in the consideration given to the evidence, or in the application of the law, but not otherwise.* The reference of a whole case to a master, as here, has become in late years a matter of more common occurrence than formerly, though it has always been within the power of a court of chancery, with the consent of parties, to order such a reference. Haggett v. Welsh, 1 Sim. 134; Dowse v. Coxe, 3 Bing. 20; Prior v. Hembrow, 8 Mees. & W. 873. The power is incident to all courts of superior jurisdiction. Newcomb v. Wood, 97 U.S. 581, 583. By statute in nearly every state, provision has been made for such references of controversies at law. And there is nothing in the nature of the proceeding, or in the organization of a court of equity, which should preclude a resort to it in controversies involving equitable considerations.
>
> By the consent in the case at bar it was intended that the master should exercise power beyond that of a reporter of the testimony. If there had been such a limitation of his authority, there would have been no purpose in adding to his power 'to hear the evidence' the power to 'decide all the issues

between the parties, and make his report to the court, separately stating his findings of law and of fact,' together with the evidence. To disregard the findings, and treat the report as a mere presentation of the testimony, is to defeat, as we conceive, the purpose of the reference, and disregard the express stipulation of the parties. We are therefore constrained to hold that the learned court below failed to give to the findings of the master the weight to which they were entitled, and that they should have been treated as so far correct and binding as not to be disturbed, unless clearly in conflict with the weight of the evidence upon which they were made."

129 U.S. at 524-25, 9 S.Ct. at 359-60 (emphasis added).

The Court is mindful that the standards for review set down in *Kimberly* are no longer applicable to consensual references to a *master* by virtue of Rule 53(e)(4), Fed.R.Civ.P. See note 13, *supra*. However, because the Magistrates Act was specifically designed to overcome the problems inherent in the system of references to a master, *Yascavage* v. *Weinberger, supra*; Comment, 40 U.Chi.L.Rev. 584 (1973), and since the Magistrates Act expressly permits references *beyond* those which would be permitted to masters under the strictures of Rule 53, this Court is not bound to follow the review standards currently in effect as to Rule 53 references with regard to review of a magistrate's finding following a consensual reference. All that is required under the "additional duties" language of 28 U.S.C. § 636(b), is that the reference (and hence the review thereof) not offend the Constitution and laws of the United States. The holding of the Supreme Court in *Kimberly* v. *Arms, supra*, stands as clear and unambiguous authority that the "presumptively correct" and "manifest error" standards enumerated therein, as

to both findings of fact and conclusions of law, are constitutionally valid criteria for district court review following a consensual reference to the magistrate, despite the fact that Rule 53, Fed.R.Civ.P. has modified those standards with regard to consensual references to a master.

The defendants having filed a timely motion for reconsideration of the Magistrate's findings,[18] the Court will proceed to review said findings pursuant to the standards as set forth in *Kimberly* v. *Arms, supra*.

Review of Magistrate's Findings

As discussed *supra*, the question before this Court on review of the Magistrate's rescript is whether there is "manifest error" in the Magistrate's findings of fact and conclusions of law. Upon a careful reading of the Magistrate's rescript and of the post-hearing briefs and the record, I find there are several novel and provocative issues of law which are determinative of the rights of the respective parties to this action. Among these, I particularly note the following:

> (1) What is the legal basis upon which a common law property right in a service mark or trade dress is acquired? Has plaintiff acquired such rights? Must use of an entertainer's service mark be in connection with an established "trade or business," i.e., to identify the origin of a valuable commercial goodwill? Is the rationale enunciated in *Heinemann* v. *General Motors Corp.*, 342 F.Supp. 203 (N.D. Ill. 1972) dispositive of this issue? Is the common law in relation to the acquisition of trademarks fundamentally different than for an entertainer's acquisition of service marks?
>
> (2) The Magistrate found (findings of fact #21-23) that the plaintiff was the first to create and use the "Paladin" marks in interstate commerce and

that they were commercially used by him to identify and advertise his services as an entertainer and performer. Does such a finding meet the test for the creation of a common law property right in the marks, and is such a finding supported by the evidence?

(3) Conceding, as defendants do (Defs.' memorandum at 27) that a trademark or service mark need not be appurtenant to a profit-making business or trade, is it relevant whether the plaintiff herein performed his entertainment services for a fee?

(4) Are the Magistrate's findings as to "likelihood of confusion" to the public (findings of fact #17 and #18) pertinent to the infringement or unfair competition claims? (Defs.' memorandum at 33-37).

(5) Was the First Circuit opinion in *Columbia Broadcasting System, Inc.* v. *DeCosta*, 377 F.2d 315 (1967) (in reversing jury verdict as to Count I of the complaint) res judicata or otherwise dispositive of plaintiff's claims of service mark infringement and unfair competition (Counts II and III)? Can it be said that under federal law plaintiff's alleged "marks" and "trade dress" have been placed in the public domain under the theory of *Sears, Roebuck & Co.* v. *Stiffel Company*, 376 U.S. 225 (1964) and *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234 (1964), or are they to be considered true service marks exempted from the thrust of the *Sears-Compco* decisions and thus afforded protection under state law.

(6) Is New York law the appropriate choice under Rhode Island choice of law principles, and does New York law of unfair competition (and/or the federal law, 15 U.S.C. § 1125(a)) support judgment for plaintiff in addition to and/or wholly apart from the common law of service mark infringement?

I recognize the complexity of these issues and that resolution of this matter, whether in favor of plaintiff or defendants, requires extended analysis of legal principles in the context of a rather unique and novel factual record. This case involves subtle shadings of interpretation of the law which are not easily isolated but which are dispositive of the legal rights of the instant parties. I hasten to add that the travel of this complex litigation has not been typical. As the oldest case on the docket of this Court, it had been pending for more than ten years when the parties finally agreed in no uncertain terms to have this matter "heard and determined" by the Magistrate.

Without an appellate type of review but rather applying merely a "manifest error" standard of evaluation, I am not prepared to hold that the Magistrate's findings of fact and conclusions of law are unequivocally wrong.

It appears to me that a "manifest error" standard of review by the district court is not only constitutionally appropriate when restricted to a consensual reference as I have discussed, *supra*, but it also gives full meaning to the Congressional intent that magistrates relieve the work-load in federal trial courts. If this is not so, then cases such as the one at issue will result in no savings of time to the court and litigants. On the contrary, it will only add an additional and time-consuming tier to the judicial process and effect little or no case backlog relief. The parties themselves sought the services of such a forum; a forum created by Congress pursuant to the Constitution, see note 2, *supra;* and in this case it was to resolve, with least possible future delay, a matter that had been pending an incredibly long period of time.

By "manifest error," we mean "evident error," "obvious," "capable of being easily understood or recognized at once by the mind." (Webster's Third New International Dictionary).

I am well aware of our appellate court's admonition that a pro forma "laying of hands" upon a magistrate's report will not be sanctioned following a reference. This teaching, however, involved two cases, namely, *Rainha* v. *Cassidy*, 454 F.2d 207 (1st Cir. 1970) and *Reed* v. *Board of Election Commissioners of City of Cambridge*, 459 F.2d 121 (1st Cir. 1972), which are distinguishable. See note 5, *supra*.

I make no pretense of either affirming or reversing the Magistrate. I simply find no manifest error and, therefore, while neither affirming or reversing, I deny the defendants' motion to vacate the Magistrate's rescript, adopt the Magistrate's report and enter a final and appealable judgment based thereon.

RAYMOND J. PETTINE
Chief Judge

September 23, 1974

FOOTNOTES

[1] "ORDER

Pursuant to stipulation of the parties on each side and of counsel on each side, the above captioned case is referred, under authority of 28 U.S.C. 636, to United States Magistrate Jacob Hagopian for hearing and determination to be had on or before November 5, 1973."

[2] The use of the title "Article I Judge" merely indicates that the magistrate's powers stem solely from the Congress, by legislative enactment, and not from Article III of the Constitution. This does not mean, however, that the position of United States Magistrate constitutes "a tribunal inferior to the Supreme Court" pursuant to Article I, Section 8, Clause 9 of the Constitution. As the Supreme Court made clear in *Glidden Company* v. *Zdanok*, 370 U.S. 530, 82 S.Ct. 1459 (1962):

> "The Constitution nowhere makes reference to 'legislative courts.' The power given Congress in Art. I, § 8, cl. 9, 'To constitute Tribunals inferior to the Supreme Court,' plainly relates to the 'inferior Courts' provided for in Art. III, § 1; it has never been relied on for establishment of any other tribunals."
> 370 U.S. at 543, 82 S.Ct. at 1469.

The Supreme Court in *Glidden* went on to explain the test of when a tribunal is to be recognized as one created under Article III:

> ". . . whether a tribunal is to be recognized as one created under Article III depends basically upon whether its establishing legislation complies with the limitations of that article; whether, in other words, its business is the federal business there specified and its judges and judgments are allowed the independence there expressly or impliedly made requisite."
> 370 U.S. at 552, 82 S.Ct. at 1474.

And, of course, the powers enumerated in Article III, Section 2 of the Constitution can be exercised only by judges who are afforded the protections of Article III, Section 1 (tenure for good behavior and assurance against diminution of salary). It is clear that the magistrate is not granted Article III powers nor is he afforded Article III protections. He is granted certain powers by Congress only as supportive of the district judge, and not as an independent Article III tribunal. Since he is not vested with the powers enumerated in Article III, his duties are limited to those provided for in the statute

by which the office was created. I make no pretense of holding that a magistrate has the power, as an indepedent tribunal, to exercise final decision-making authority as to purely Article III "cases" or "controversies." However, as noted *infra*, the Magistrates Act authorizes the magistrate to perform such additional duties as are not inconsistent with the Constitution and laws of the United States. The Supreme Court, in *Kimberly* v. *Arms*, 129 U.S. 512, 9 S.Ct. 355 (1889), discussed in more detail *infra*, teaches us that a *consensual* reference to a non-article III officer, with review in the district court limited to the question of "manifest error" is an entirely constitutional delegation and *not* an abdication of power by the Article III judge.

[3] 28 U.S.C. § 636(b) provides:

> "(b) Any district court of the United States, by the concurrence of a majority of all the judges of such district court, may establish rules pursuant to which any full-time United States magistrate, or, where there is no full-time magistrate reasonably available, say part-time magistrate specially designated by the court, may be assigned within the territorial jurisdiction of such court such additional duties as are not inconsistent with the Constitution and laws of the United States. The additional duties authorized by rule may include, but are not restricted to—
>
> (1) service as a special master in an appropriate civil action, pursuant to the applicable provisions of this title and the Federal Rules of Civil Procedure for the United States district courts;
>
> (2) assistance to a district judge in the conduct of pretrial or discovery proceedings in civil or criminal actions; and
>
> (3) preliminary review of applications for posttrial relief made by individuals convicted of criminal offenses, and submission of a report and recommendations to facilitate the decision of the district judge having jurisdiction over the case as to whether there should be a hearing."

[4] The broad goal of the Magistrates Act was stated in the House Report on the bill:

> ". . . to cull from the ever-growing work-load of the U.S. district courts matters that are more desirably performed by a lower tier of judicial officers." H.Rep. No. 1629, 90th Cong., 2d Sess. (U.S. Code Cong. and Admin. News, 1968, at 4255).

[5] It should be noted that the recent Supreme Court decision in *Wingo* v. *Wedding*, 42 U.S.L.W. 5167 (U.S. June 26, 1974) is not pertinent to the instant matter. In *Wingo* a magistrate, by

local rule of the district court, was authorized to conduct evidentiary hearings in federal habeas corpus actions. The Supreme Court held that the Habeas Corpus Act was an express legislative determination that such hearing must be held by a "judge" of the district court, and on that basis found the local rule to be contrary to the Congressional mandate. The Court never reached the question of whether Congress could enact Constitutionally permissible legislation expressly giving a magistrate the power to hold evidentiary hearings on petitions for habeas corpus. *Id.* at n. 4.

Nor has the First Circuit expressly ruled on the question of consensual referrals to a magistrate in civil matters.

In *O'Shea* v. *United States*, 491 F.2d 774 (1st Cir. 1974) a habeas petition was referred by the district court to a magistrate who recommended that the case be dismissed, without discussing any law on the subject. The court, thereupon, without affording the petitioner an opportunity to be heard, dismissed the petition without opinion. While the court's holding with reference to the power of a magistrate to hold evidentiary hearings on habeas corpus petitions has been modified by the Supreme Court's holding in *Wingo, supra*, the court expressly approved the use of the magistrate to report and recommend to the district court on applications for post-trial relief made by individuals convicted of criminal offenses, although the particular procedure followed by the magistrate therein was criticized. The court's holding goes no further than defining a magistrate's power, and the weight to be given a magistrate's report by the district court, under 28 U.S.C. § 636(b)(3) (applications for post-trial relief). No mention was made concerning consensual references in civil matters.

In *Rainha* v. *Cassidy*, 454 F.2d 207 (1st Cir. 1972), the district court was criticized for a "pro forma laying on of hands" in approving the magistrate's findings of fact in a habeas proceeding. Again, the court was not faced with a consensual reference to the magistrate in which the parties retained a right to review by the district court. Also in *Reed* v. *Board of Election Commissioners of City of Cambridge*, 459 F.2d 121 (1st Cir. 1972), the court disapproved of a blanket approval by the district court of a magistrate's report on a motion for preliminary injunction without itself having the record before it. Once again, an entirely different issue is presented regarding the consensual reference herein, in that the court presently has before it the entire record that the magistrate had before him, and the magistrate's findings are subject to review by this Court.

RULE 32

United States Magistrates

(a) *Duties in general.* Full-time United States Magistrates of this district or, where there is no full-time magistrate reasonably available, any part-time magistrate specially designated by the court, shall, when directed by the court:

(1) Serve as a special master in appropriate civil actions pursuant to the applicable provisions of Title 28 United States Code and the Federal Rules of Civil Procedure for the United States District Courts; and

(2) Assist the district judges in the conduct of pretrial or discovery proceedings in civil or criminal actions; and

(3) Review applications for post-trial relief made by individuals convicted of criminal offenses, and submit reports and recommendations thereon to facilitate the decision of the district judge having jurisdiction over the case as to whether there should be a hearing; and

(4) Perform such other duties as are not inconsistent with the Constitution and laws of the United States and as may be assigned by the court.

(b) *Powers.* Unless otherwise provided by Fed.R.Civ.P. 53 or other statute or rule, the magistrate shall have authority to conduct the proceedings specified in the order of reference and to make such orders as may be incidental or necessary to the completion thereof, subject to review by the judge as herein provided.

(c) *Filing of report and records.* Upon conclusion of the hearing, the magistrate shall file with the clerk his findings, report and recommendations, a certificate of service thereof upon the parties, and any waiver by the parties of appeal to the judge. He shall separately lodge with the clerk all papers, documents, exhibits and briefs presented during the reference hearings.

(d) *Objections; review.* Any party who has not waived an appeal to the judge may serve and file written objections to the magistrate's report within 5 days after service of the report. Opposition to the objections shall be served and filed within 5 days after service of the objections. The clerk shall thereupon promptly set and notice the review hearing to be disposed of by the judge to whom the case is assigned.

(e) *Submission of proposed order.* Within ten days after disposition of the objections filed pursuant to subparagraph (d) hereof,

counsel shall submit a proposed form of Order in accordance with the court's ruling.

[7] Paragraph 12 of the Standing Order, effective May 7, 1973, provides:

12. DESIGNATION OF MAGISTRATE TO ASSIST DISTRICT JUDGES

Pursuant to the rule making power conferred on the Court by 28 U.S.C. 636, the Court may, without further formal order, from time to time refer civil and criminal motions to the magistrate as it deems proper for hearing, determination, recommendation, or report, and the magistrate shall render such other assistance to a district judge of the Court as may be directed of him by the Court.

The Standing Order was amended on June 4, 1973, adding Paragraph 13.1:

13.1. RECONSIDERATION OF MAGISTRATE'S RULING BY DISTRICT JUDGE

A magistrate's ruling on a motion, not incident to the exercise of his trial jurisdiction, shall be final and conclusive unless a party thereto moves for reconsideration by a district judge. A motion for reconsideration shall be made within five (5) days of the magistrate's ruling. Reconsideration shall not be *de novo* but shall be the same as on an appeal on a question of law.

[8] "Since full-time magistrates under the new system are supposed to spend all their time on their official duties, it is appropriate to allow the district court to make whatever use of their services as it sees fit, in addition to the functions that the statute assigns to them. . . . The use of magistrates for duties that do not require the employment of an Article III judge, *or in cases in which the parties consent to the use of a magistrate,* may do much to increase the efficiency of the Federal Courts." (emphasis added)

Hearings Before the Subcomm. on Improvements in the Judicial Machinery of the Senate Comm. on the Judiciary on S. 3475, 89th Cong., 2d Sess. 14 (1967).

See Comment, "An Adjudicative Role for Federal Magistrates in Civil Cases," 40 U.Chi.L.Rev. 584 (1973).

[9] That the wording of the order of reference may have lacked precision on the question of review by the district court, such "uneasiness with the wording of an order is a flimsy basis on which to mount a constitutional attack." *Yascavage* v. *Weinberger,* — F.Supp. — (No. 72-232 Civil, M.D. Pa., May 15, 1974) slip op. at 11.

[10] The court in *Yascavage* also noted that a Social Security appeal was a particularly appropriate case for reference to a magistrate, in that it is to be decided on an administrative record and thus involves no trial, no introduction of evidence and no witnesses to be heard. All the material before the magistrate was thus equally available to the reviewing judge, who would not be deprived of any opportunity to weigh the credibility of live witnesses. Compare *Wingo* v. *Wedding, supra.*

In the instant case the factual record was equally complete before reference to the magistrate occurred. The majority of applicable evidence was contained in the transcript and exhibits of the trial on Count I of the complaint, held before Judge Edward W. Day in 1966. Additional testimony was set forth in a stipulation filed June 7, 1973. Thus, this Court in reviewing the magistrate's finding has before it the entire record upon which the magistrate made his findings and, in addition, the tape recordings of the argument before the magistrate.

This case, as in *Yascavage*, did not involve the holding of an evidentiary hearing where the resolution of credibility of witnesses may be important. Compare *Rainha* v. *Cassidy, supra* (habeas corpus proceeding referred to magistrate in which Court of Appeals questioned the propriety of a magistrate conducting the evidentiary hearing); *Reed* v. *Board of Election Commissioners of City of Cambridge, supra* (magistrate held evidentiary hearing as to motion for preliminary injunction—district court criticized for approving report of magistrate without having record before it).

[11] Referring specifically to the "additional duties" which may be assigned to the magistrate under section 636(b) of the Federal Magistrates Act, the Senate report accompanying the Act said:

> "If district judges are willing to experiment with the assignment to magistrates of other functions in aid of the business of the courts, your committee believes that there will be increased time available to judges for the careful and unhurried performance of their vital and traditional adjudicatory duties, and consequent benefit to both efficiency and the quality of justice in the Federal Courts." S. Rep. No. 371, 90th Cong. 1st Sess. 26. (hereinafter, "Senate Report")

The remarks of Senator Tydings, Chairman of the Senate Subcommittee on Improvement in Judicial Machinery and major sponsor of the Act are also instructive:

> "The Magistrates Act specifies these three areas [§ 636(b)(1), (2) and (3)] because they came up in our hearings and

> we thought they were areas in which the district courts might be able to benefit from the magistrate's services. We did not limit the courts to the areas mentioned. Nor did we require that they use the magistrates for additional functions at all.
>
> "We hope and think that innovative, imaginative judges who want to clean up their caseload backlog will utilize the U.S. magistrates in these areas and perhaps *even come up with new areas to increase the efficiency of their courts.*" (emphasis added)
>
> Hearings on S. 945 before Subcomm. No. 4 of House Comm. on the Judiciary, 90th Cong., 2d Sess., ser. 17, at 81.

[12] I recognize that dicta in the *TPO* case might arguably blunt the distinctions I have outlined as to the effect of consent of the parties and review by the district judge. 460 F.2d at 360-61, n. 62. As to review by the district court, I am convinced that Congress intended to sanction a wide variety of references to the magistrate so long as review to the district court was insured. See Senate Report, *supra,* at 27. The Second Circuit has explicitly approved the reference of dispositive motions to the magistrate under the Local Rules of the United States District Court for the District of Connecticut which provide for review of the magistrate's "proposed memorandum of decision" by the district judge who may adopt, modify or reject the magistrate's findings in whole or in part. *Remington Arms Company, Inc.* v. *United States,* 461 F.2d 1268 (2d Cir. 1972) (motion for summary judgment); *Givens* v. *W.T. Grant Company,* 457 F.2d 612 (2d Cir. 1972) (motion to dismiss), vacated on other grds 409 U.S. 56 (1972).

As to the effect of consent, the *TPO* court recognized that ". . . consent of all parties would change the situation somewhat, [but] it would introduce other difficulties." 460 F.2d at 361 n. 62. The only "other difficulty" mentioned by the court was the danger of "coerced consents" by parties who would fear inciting the wrath of a district judge by refusing to consent to referral thus intruding upon the judge's time. Such a fear, while at best speculative, evidences an uncanny lack of faith in the integrity of the federal judiciary. Even if an allegation of "coerced consent" were arguable in a particular case, appellate review rather than a broad prohibition against consensual references would appear to be the wiser course. Other courts have recognized that certain matters delegated to magistrates over the objections of a party would be permissible with consent of the parties. See *United States* v. *Eastmount Shipping Corporation,* 62 F.R.D. 437 (S.D.N.Y. 1974).

[13] Rule 53(e)(4), Fed. R.Civ.P., provides in pertinent part:

"The effect of a master's report is the same whether or not the parties have consented to the reference. . . ."

See 5A, J. Moore, *Federal Practice*, paragraph 53.15:

"Any prior case law to the effect that a reference [to a master] with consent compels extraordinary weight to be given to the master's report is no longer in point, whether the case be a jury or non-jury case."

[14] The Magistrates Act 28 U.S.C. § 632 *et seq.* provides, *inter alia*:

(1) that appointment shall be by concurrence of a majority of all judges in the district;

(2) that magistrates must be a member of the bar;

(3) that he not be related by blood or marriage to a judge of the appointing court;

(4) that full-time magistrates not engage in the practice of law and that part-time magistrates so limit their practice so as to avoid conflicts of interests;

(5) fixed term, subject to removal only for incompetency, misconduct, neglect of duty or physical or mental disability;

(6) fixed salary and full-time magistrate's salary cannot be reduced during term;

(7) clerical and secretarial assistance provided by the Government;

(8) training programs at Federal Judicial Center.

[15] "Failure to make timely objection to the appointment of a Master either at the time of the order or promptly thereafter constitutes a waiver of error and objections made only to the Master are unavailing." *First Iowa Hydro Electric Cooperative* v. *Iowa-Illinois Gas and Electric Company, supra,* 245 F.2d at 628.

[16] Defendants cite *Wilver* v. *Fisher,* 387 F.2d 66 (10th Cir. 1967); *Bartlett-Collins Company* v. *Surinam Navigation Company,* 381 F.2d 546 (10th Cir. 1967); and *Cadermartori* v. *Marine Midland Trust Company of New York,* 18 F.R.D. 277 (S.D.N.Y. 1955), for the proposition that consent cannot validate an otherwise wrongful reference to a master under Rule 53. In *Wilver,* the Court was especially concerned with the fact that the consensual reference therein gave to the master extraordinary power to restate the parties'

interrogatories and to recommend the answers thereto. The case stands for the proposition that the delegation of such extraordinary powers, which are properly exercisable only by the parties themselves, cannot be assumed by a master even upon consent of the parties. *Wilver* lends little support to the theory that *any* abuse of discretion in referring to a master upon consent of the parties is *void ab initio.*

In *Bartlett-Collins, supra,* there is dicta which strongly disapproves of references to a master in the absence of exceptional circumstances, even upon consent of the parties. Yet, the fact that the master's report, and subsequent approval and confirmation of that report was affirmed on the merits by the appellate court belies defendant's argument that such a reference is *void ab initio.*

Finally, in *Cademartori, supra,* the parties stipulated that the master should finally determine all issues and enter judgment thus "[placing] the Court in the position of being committed in advance to the decision of the Master already named, without the possibility of any recourse to the evidence upon which the Master may have acted. . . ." 18 F.R.D. at 278-79. The reference herein involved no such stipulation by the parties, and review by the district court, including access to all the evidence and argument heard by the magistrate, has been preserved.

[17] The case law does not support the proposition that an improper reference to a master, with consent of the parties, is a jurisdictional defect, at least insofar as the district court retains the power to review the master's findings before judgment is entered. The weight of authority appears to be that a reference to a master is "a procedural matter to which personal objection should have been made. . . ." *McGraw-Edison Company* v. *Central Transformer Corporation, supra,* 308 F.2d at 72 n. 3; *First Iowa Hydro Electric Cooperative* v. *Iowa-Illinois Gas and Electric Company, supra; Hart* v. *Williams, supra; Smith* v. *Brown, supra.* Indeed, in *Bartlett-Collins Company* v. *Surinam Navigation Company, supra,* cited by the defendants, the appellate court disapproved of the reference despite consent, but affirmed the master's findings on the merits. Certainly if the mistaken reference was a jurisdictional flaw, the only proper disposition by the appellate court would have been to remand for a new trial before the district judge.

A distinction must be made between an attempt to invoke the jurisdiction of the United States courts by consent and, as here, once properly before an Article III tribunal to consent to a hearing before a non-article III judge. Certainly it is no anomaly in our federal judicial system that certain Article III powers be exercised

by non-article III personnel (bankruptcy judges, masters) or non-article III tribunals. See *Palamore* v. *United States,* 411 U.S. 389 (1973). See also *Yascavage* v. *Weinberger, supra;* Comment, 40 U.Chi.L.Rev. 584 (1973).

[18] On April 19, 1974, defendants filed their objection to the magistrate's rescript and plaintiff filed a motion to confirm the magistrate's report. On that date an order was entered by this Court staying all further hearings before the magistrate. Because of the twofold nature of defendants' objection to the magistrate's report, i.e. objection to the reference and to the findings, I will construe their initial objection as both a petition to review the magistrate's findings as well as a motion to vacate *nunc pro tunc* the order of reference dated October 5, 1973. While defendants have filed an additional motion pursuant to Rule 60(b), Fed.R.Civ.P. (filed June 7, 1974), and since the magistrate's findings are not to be construed as a "final" order from which relief under Rule 60(b) can be afforded, I will construe that motion as supplementing the initial objection to the magistrate's findings.

I do not find persuasive plaintiff's contention that defendants' petition for review of the magistrate's findings must fall for lack of specificity. Through extensive memoranda of law this Court, as well as all parties, have been made well aware of the specific findings to which defendants object and the reasoning behind the objections. A technical error of pleading should not deprive defendants of their right to review of the magistrate's findings by this Court. In any event, drawing an analogy to objections to a master's report, this Court has the power "if it be deemed necessary and of vital importance in the interest of substantial justice" to modify the findings even in the absence of specific objections. *In the Matter of Portland Electric Power Co.,* 97 F. Supp. 918 (D. Ore. 1948). See generally 5A J. Moore, *Federal Practice,* paragraph 53.11 at 2991.

On Cross Motions For Summary Judgment
April 15, 1974

UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF RHODE ISLAND

Civil Action No. 3130

[SAME TITLE]

HAGOPIAN, *Magistrate.*

STATEMENT OF THE CASE

This case was commenced in this Court in June 1963. The plaintiff's Third Amended Complaint alleges three claims as a basis of recovery; Count I, unjust enrichment; Count II, common law service mark infringement, and, Count III, unfair competition.

Jurisdiction in this case is founded upon the factual allegations of diversity of citizenship and jurisdictional amount, 28 U.S.C. 1332 and upon the factual allegations of a federal question, 15 U.S.C. 1125(a), 1121 and 1127. Count I of the instant complaint, alleging unjust enrichment, was heard and determined by a jury who found in plaintiff's favor and awarded verdicts in the amounts of $100,000; $10,000 and $40,000 against defendants Columbia Broadcasting System, Inc., Capital Cities Broadcasting Corporation, and CBS Films Inc., respectively. On appeal, the Court of Appeals of the Circuit, speaking through Chief Judge Coffin, reversed the judgments rendered against each defendant.[1] The remaining Counts II and III, alleging common law service mark infringement, and unfair competition, respectively, were neither reached nor tried during the trial of the first count. The remaining counts are now before the Court on cross-motions for

summary judgment.[2] The respective legal claims of the parties are in sharp conflict and they are more fully set forth in their legal contentions *infra.*

Each side has moved for judgment in its favor claiming entitlement thereto as a matter of law. Each side represents and agrees that there is no genuine issue as to any material fact concerning either motion. The thrust of plaintiff's claim in Count II of his complaint is that he has a legally protected proprietary interest or a property right, through first and continuous use in commerce, to his entertainment service marks as trade dress in (1) the title, "Have Gun Will Travel," (2) the figure of a knight chess piece, (3) the name "Paladin," and (4) the calling card in words and figures:

and, that the defendants have infringed plaintiff's claimed property rights by wilfully appropriating, using and licensing plaintiff's service dress creation in the protagonist CBS television series.

As to Count III, the gist of plaintiff's claim is that defendants have unfairly competed with the plaintiff by adopting and infringing plaintiff's service marks and trade dress. Plaintiff urges that defendants appropriated and pirated the trade dress of the plaintiff's western character for use by the "Paladin" character in the CBS television series "Have Gun Will Travel." As for their relief, plaintiff seeks an accounting from the defendants, on Counts II and III, of their profits.

PLAINTIFF'S CONTENTIONS

In support of his motion for summary judgment plaintiff, in short, urges:

1. Plaintiff is the owner of the following, which constitute individually and collectively, entertainment service marks of the plaintiff; (1) the title "Have Gun Will Travel," (2) the figure of a knight chess piece, (3) the name "Paladin" and (4) the calling card at page 2, *supra.*

2. As to Count II of his complaint, that the defendants have infringed plaintiff's service marks by using the identical marks in their television series.

3. He need not show that he has ever been in competition with defendants in order to recover upon his claim of service mark infringement.

4. The ruling of the First Circuit Court of Appeals with reference to the First Count and the *Sears* and *Compco* cases are not a bar to recovery by plaintiff for the infringement of his common law service marks.

5. It is no defense to an action for common law service mark infringement that the services were rendered without profit.

6. Plaintiff is entitled to recovery under the Third Count of his Third Amended Complaint, sounding in unfair competition by reason of defendants commercial immorality in copying, simulating and adopting plaintiff's trade dress—the plaintiff having been a prior user and that his marks had achieved a secondary meaning.

7. Plaintiff has not lost his causes of action through laches or equitable estoppel since such a defense is not available to the defendants because

they wilfully and deliberately misappropriated and copied plaintiff's property.

DEFENDANTS' CONTENTIONS

In summary defendants, CBS, in support of their cross-motion for summary judgment in their favor, urge:

1. "... it has been finally determined that plaintiff has never utilized the contested "Paladin" marks to advertise, or as an appurtenance to the commercial sale of hire of the goods or services of an established business of his ownership, plaintiff, as a matter of law, does not possess a protectible property right in said marks under the common law of trademarks."

2. "The final judgment of the trademark trial and appeal board in favor of CBS is *res adjudicata* as to the ultimate issues underlying Counts II and III of the instant amended complaint; the first commercial use and ownership of the contested "Paladin" indicia as service marks."

3. "The claims set forth in Counts II and III of the amended complaint are equitably estopped by plaintiff's gross laches in bringing this action six years after the commencement of CBS' alleged infringing use of the contested "Paladin" symbols."

4. "The claims of common law trademark infringement and unfair competition set forth in Counts II and III of the amended complaint are precluded as a matter of law by the constitutional doctrine of federal preemption enunciated in the Supreme Court's *Sears-Compco* and progeny decisions."

5. "Plaintiff's motion for summary judgment must be denied because the evidence does not establish, as a matter of law that:

(a) plaintiff has appropriated and commercially used the contested marks in connection with the services for hire of a going business or trade operated for profit;

(b) the contested marks have acquired a "secondary meaning"; i.e., that they identify to the purchasing public the origin of plaintiff's alleged services;

(c) the use of the contested marks by defendants is likely to cause consumer confusion; i.e., that plaintiff's prospective "trade" would be diverted to defendant by reason of the alleged infringing use of the marks."

I find by an independent examination of the pleadings, by judicial notice of the record and papers in this case, by the stipulated transcript of the trial had on Count I, by the depositions, answers to interrogatories, additional stipulations, and admissions on file together with affidavits that the facts, which underlie plaintiff's claims and the respective motions, are to be without substantial controversy.[3] Accordingly, the undisputed facts of the case without slightest doubt, and I so find them to be, are these:

FINDINGS OF FACT

1. The plaintiff, Victor DeCosta, of Portuguese parents, is a Rhode Island mechanic whose formal education ceased after the fourth grade. During the Depression he tired of factory work, hopped a freight for the West, worked in a Chicago stockyard and eventually became a ranch-hand on a Texas ranch. While working the Texas

ranch, he engaged in a number of usual "cowboy" activities.

2. After a few years of riding and roping, plaintiff returned to Rhode Island to work as a mechanic and later received training in the Coast Guard as a motor mechanic.

3. Around 1940 he began to attend horse auctions and around 1945 he began competing in horse shows which contained western parades and feats.

4. Between the years 1946-1947 plaintiff participated in horse shows and parades and from the beginning he used a particular costume or dress in his appearances. He already was equipped with a moustache, and he soon settled on a black shirt, black pants, and a flat-crowned black hat, and he acquired a St. Mary's medal at a parade and had affixed it to his hat. Plaintiff, in the later part of 1946, adopted the name "Paladin" after an onlooker of Italian descent during one of his appearances hurled an epithet at him containing the word "Paladino", and upon looking up the word "Paladin" in a dictionary, he found it meant "champion of knights" and was content that people began so to call him.

5. One day when plaintiff had donned his costume in preparation for a horse show, and was about to mount his horse, one of a group waiting for him shouted "Have Gun Will Travel" and he thereafter adopted this slogan by rubber stamping it on a business card, on which also appeared "Wire Paladin, N. Court St., Cranston, R. I." and the figure of a knight chess piece. He completed his costume dress by applying a silver copy of a chessknight to his holster and by strapping an antique derringer under his arm.

6. Plaintiff, so accoutered, appeared in numerous parades, rodeos, auctions, horse shows and other public

gatherings throughout the New England area and New York and at a pony ring he once operated.

7. In addition to the mentioned appearances, plaintiff made numerous appearances in charity shows and at drive-in theaters.

8. From time to time, in his various appearances, he would stage a western gunfight, featuring his quick-draw and the timely use of his hidden derringer. During his appearances, plaintiff would pass out photographs of himself and would distribute his cards which he had reduced to printed form. Plaintiff distributed his calling cards, some 250,000 of them at hospitals, drug stores, barbershops, sport shops and diners, as well as at his other appearances, and children clamored for the cards and clustered about him to the extent that he was likened to the Pied Piper and Gene Autry.

9. Approximately ten years after plaintiff had created, adopted and used the "Paladin" character with the various marks thereof, and had begun to live his avocational role of "Paladin", the defendants Columbia Broadcasting System[4] introduced a television series entitled "Have Gun Will Travel" starring moustachioed Richard Boone, who played the part of an elegant knight errant of the Old West.

10. The television "Paladin" also wore a black costume, a flat-crowned black hat bearing an oval silver decoration, and a silver chess knight of his holster and announced himself with a card featuring a chess piece virtually—if not absolutely—identical with the plaintiff's and having the words "Have Gun Will Travel, Wire Paladin, San Francisco" printed thereon, and in addition the television "Paladin" used a hidden derringer strapped to his arm.

11. The CBS television series appeared in 225 first-run episodes in the United States, was licensed in foreign countries and by the time of trial had grossed in excess of $14,000,000.

12. The marks "Have Gun Will Travel", "Wire Paladin", and the figure of the knight chess piece as they appear on plaintiff's business card were created by plaintiff for use with his "Paladin" character.

13. My examination of the record and comparison of the description and exhibits of the "Paladin" marks heretofore mentioned discloses that the marks used by plaintiff DeCosta are identical to those subsequently used by defendants Columbia Broadcasting System, Inc. in the television series of "Paladin", and that a great likelihood of confusion exists between the marks used by plaintiff and those used by defendants because they are virtually identical.

14. The employees of CBS responsible for creating the television series "Have Gun Will Travel" deliberately appropriated the costuming of the plaintiff for the lead character in their television show and also deliberately appropriated in almost exact detail the calling card of plaintiff for use by the television "Paladin".

15. The television version of "Paladin" was essentially a copy of plaintiff's character dress and the accessories created by plaintiff, including a St. Mary's medal affixed to his flat-crowned hat, and the knight chess piece mounted on his holster were appropriated by the creators of the television series for use by the TV character.

16. The plaintiff used his marks in connection with his appearances at his pony ring where children were charged for rides, and at rodeos with a paid attendance, although

a number of his other appearances were for known charities.

17. At least 21 witnesses testified that before the airing of the television series by defendant, Columbia Broadcasting System, Inc., they knew plaintiff as Paladin; at least 18 of such witnesses testified that, before the airing of the television series as aforesaid, they saw cards as passed out by plaintiff that bore the slogan and/or purported service marks "Have Gun Will Travel" "Wire Paladin" and the figure of a knight chess piece; that at least 21 of such witnesses testified that they thought on viewing the television program that there was a physical similarity between plaintiff in his costume and accoutrements and Richard Boone dressed as the television character Paladin.[5]

18. At least 6 of such witnesses testified that they had at first thought, on viewing the television program, that Richard Boone was the plaintiff Mr. DeCosta until they learned the contrary from viewing the credits on the show, or otherwise.

19. The character of "Paladin" was prominently identified as being portrayed by the actor, Richard Boone, in each and every episode of defendants' television series.

20. The plaintiff has received communications from various parts of the country directed to him as "Paladin."

21. Plaintiff DeCosta was an entertainer, horse trader and dealer for a period of ten years before the television showings of the CBS Paladin series. He commercially held himself out to be "Paladin", a character of his intellectual creation, and he commercially used the accoutrements heretofore described as his entertainement service marks in connection with the "Paladin" character.

22. The plaintiff was the first to create, adopt and use the mentioned "Paladin" marks; that such marks there-

after were continuously used by the plaintiff; that the marks have never been abandoned by him; that they were continuously used by the plaintiff in interstate commerce; and that the marks were first associated with the plaintiff and so used by him in the advertisement of his services as an entertainer and performer.

23. The plaintiff commercially used, in the manner I have heretofore found, the mentioned marks in commerce to distinctly identify and advertise his services as an entertainer.

24. The plaintiff is the owner of the "Paladin" service marks mentioned in the foregoing findings.

25. Plaintiff is the owner of certificates of trademark registration for the "Paladin" service marks issued by the State of Connecticut, 28 July 1970; by the State of Massachusetts in October 14, 1963 and by the State of Rhode Island on 8 December 1960.

26. The television series "Have Gun Will Travel" has been shown throughout the country thus virtually every state has some factual contact with the instant controversy.

27. Rhode Island is the forum state and the state of residence of the plaintiff, Victor DeCosta.

28. Each of the defendants to this action are New York corporations and have their principal places of business in New York.

29. Defendant Columbia Broadcasting System, Inc., received all monies for the presentation of their television series "Have Gun Will Travel" in New York.

30. The defendants distributed and licensed the "Paladin" marks from New York. Fourteen of the thirty

licensees of the various Paladin marks were New York corporations.

31. All contracts entered into by Columbia Broadcasting System for the reproductions of the Paladin character and articles utilized by the character including his hat, medallions, calling cards, guns, wearing apparel and the like were made in New York. These mentioned reproductions were circulated, distributed, offered for sale and published in New York.

32. The factual contacts in the instant case are overwhelming centered in New York.

CONSTITUTIONAL DOCTRINE AND FEDERAL PREEMPTION

Since the respective contentions of the parties speak to the effect of United States Supreme Court decisions of *Sears,*[6] *Compco*[7] and the progeny decision of the Court of Appeals[8] on the instant claims in Count II and III, that threshold issue is reached first. The respective arguments of counsel as to that issue are distilled to be these.

Defendants CBS urge that the *Sears-Compco* decisions and the decision of the Court of Appeals on Count I in the instant complaint, absolutely precludes recovery under Counts II and III of the amended complaint. Defendants further say that under the Court of Appeals decision[9] "all that defendants could be charged with was copying the *simpliciter* of plaintiff's marks at a time the marks were in the public domain and that they, the defendants, had a lawful right to freely copy the *simpliciter* of plaintiff's marks[10] since the plaintiff was not using them in a going business."

Plaintiff urges that the decisions of *Sears-Compco* and the decision of the First Circuit Court of Appeals on Count I of the instant complaint[11] are not preemptive so as to bar recovery on the instant claims of common law service mark infringement and unfair competition.

I find that the Court of Appeals decision on the first count of plaintiff's complaint does not constitutionally or statutorily preempt his claims in Counts II and III. The question tried in Count I, on which appellate review was had, was a limited one and is unlike the questions, in law or in fact, now before the Court on motions for summary judgment. There, in Count I the question was whether judgment in plaintiff's favor could be "supported on a rule of law that would allow recovery upon proof of creation by plaintiff and copying by the defendants [of the "Paladin" marks], *and nothing else.*" (emphasis added) *DeCosta* v. *C.B.S. et al.,* Note 1. Here in Counts II and III the plaintiff supplants the "nothing else" by presenting two theories of recovery, requiring additional elements of proof, on which trial and judgment was reserved and on which appellate review has never been had in this Circuit.[12] The question litigated in Count I and decided by the Circuit Court of Appeals dealt with the patent and copyright laws declaratory of Article I, § 8, cl. 8 of the Constitution. There, the Court of Appeals ruled that the "Paladin" calling cards were copyrightable and not having been copyrighted, protection for the cards and his "Paladin" character was destroyed by publication under the law of copyright.

I cannot accept defendants' argument that the long reach of the Supreme Court's decisions in *Sears-Compco* and this Circuit's decision on Count I preclude recovery ". . . as a matter of law by the constitutional doctrine of preemption." Nothing in the Circuit Court's decision on Count I nor in the *Sears-Compco* decisions speak, even by way of dictum, to the preemption of either trademark or service mark theories of recovery. I do not view this Circuit's decision on Count I or the decisions in *Sears-Compco* as extinguishing all proprietary interest that might be had in the "Paladin" marks, since I do not view the laws of copyrights, patents and service marks to be mutually exclusive as applied to this case.[13] I am mind-

ful of the language of the Supreme Court in *Sears-Compco* which limited the states from protecting certain intellectual property. There, speaking for the Court Mr. Justice Black said:

> "[W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. 1, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain."

In amplification of *Sears-Compco, supra,* the Court of Appeals on Count I, said:

> "More fully, that policy is to encourage intellectual creation by offering the creator a monopoly in return for the disclosure and eventual surrender of his creation to the public . . . Thus, if a writing is within the scope of the constitutional clause, and Congress has not protected it, whether deliberately or by unexplained omission, it can be freely copied." See *Cheney Bros.* v. *Doris Silk Corp.,* 2 Cir., 1929, 35 F. 2d. 279.[14]

To give effect to defendants' contention of absolute preemption as to plaintiff's remaining claims, which I do not and cannot do, would render in an absolute way the service mark and unfair competition laws of the various states and the federal policy in 15 U.S.C. 1125 and 1127 a complete nullity. Concurrent federal and state protections of trademarks and service marks have existed, separate and apart from federal patent and copyright laws for 93 years.[15] The broad sweep of defendants' invocation of decisions declaratory of the patent and copyright laws as preemptive of plaintiff's common law claims of service mark infringement and unfair competition ob-

scures the nature of plaintiff's claims. Defendants' in argument miss the mark. Even given defendants' arguments, the Supreme Court in its recent decision in *Goldstein* v. *California,* 412 U.S. 546 (1973), recognized and held that the right to grant copyright protection is not exclusively vested in the federal government—the states being free to provide their own form of protection for intellectual property not expressly provided for by federal laws. The Supreme Court in *Goldstein* v. *California, supra,* rejected the absolute federal preemptive effect defendants ask me to give by reason of *Sears-Compco.* In *Goldstein, supra,* the Supreme Court speaking in a 5 to 4 decision involving a California penal statute which forbade tape piracy—buying a popular recording or tape and then re-recording it in multiple copies to sell to the public—distinguished their decisions in *Sears-Compco* and limited the latter decisions to the copying of "mechanical configurations." In *Goldstein, supra,* the Court defined writings within Article I, Section 8, Clause 8 of the constitution to include . . . "any physical rendering of the fruits of creative intellectual or aesthetic endeavor." Given this definition of "writings", the Supreme Court said:

> "As we have seen, the language of the Constitution neither explicitly precludes the States from granting copyrights nor grants such authority exclusively to the Federal Government. The subject matter to which the copyright clause is addressed may at time be of purely local concern. No conflict will necessarily arise from a lack of uniform state regulation nor will the interest of one State be significantly prejudiced by the actions of another. No reason exists why Congress must take affirmative action either to authorize protection of all categories of writings or to free them from all restraint. *We therefore conclude that under the Constitution, the States have not relinquished all power to grant*

> *to authors* the exclusive Right to their respective Writings." Id. at 560.

I view the effect of the Supreme Court's decision in *Goldstein* as giving to the states a broad mandate to protect intellectual property heretofore denied by strict constructions of *Sears-Compco.* Relevant here is that *Goldstein, supra,* reinforces and is in harmony with Mr. Justice Black's language in *Sears*:

> "Doubtless a state may, in appropriate circumstances, require that goods whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of such goods." *Sears, Roebuck & Co.* v. *Stiffel Co.* Note 7.

Thus, I find that the defendants' arguments or preemption based on the *Sears-Compco,* constitutional or copyright considerations, lack vitality as a matter of law. Significant here is that the law of service mark or trademarks are vastly distinguishable from the law of patents and copyrights.[16] Here, the plaintiff's claims are founded on the former and the thrust of defendants' preemptive argument speaks to the latter. Even if defendants' contention were to be viewed as relevant to plaintiff's claims, although I find that they are not, *Goldstein, supra,* teaches that Congress in 17 U.S.C. § 4 cannot preempt all state regulation over all intellectual property to which the term "writings" might apply. The Court in *Goldstein* held that a state was not precluded from providing protection for a "writing" . . . unless Congress determines that the national interest requires federal protection or

freedom from restraint as to a particular category of "writings." Apart from the law of copyrights and patents, here plaintiff seeks to protect his trade dress consisting of his several service marks and I find, given the reasons I have stated, that his service mark and unfair competition claims are beyond the pale of *Sears-Compco,* patent and copyright considerations. Accordingly, I find defendants' arguments of preemption to be without merit.

DEFENDANTS CONTENTIONS 1, 2 AND 3, *supra,* AT PAGE 5.

1. The first argument urged by defendants Columbia Broadcasting System in support of their cross-motions for summary judgment is that the undisputed facts now before me, "[have] been finally determined" by the Court of Appeals and as a consequence plaintiff may not recover as a matter of law under the common law of "trademarks." This argument, goes on to urge . . . "the First Circuit Court of Appeals found the following facts which now constitute the law of the case and are thus determinative of the issues of liability under Counts II and III . . . 'This was perhaps one of the purest promotions ever staged, *for plaintiff did not seek anything but the entertainment of others. He sold no product, services or institution,* charged no fees, and exploited only himself.'" P. 7 Defendants' memorandum dated September 4, 1973. Given the expressions of fact used by the Court of Appeals in their decision on Count I, it is clear from the language of entire decision that the operative facts there were, in scope and recital, limited to the legal issue in Count I. As defendants recognize, Counts II and III extend to separate and distinct legal theories of recovery. Plaintiff's and defendants' motions go beyond the matters litigated in Count I and consequently call for the interplay of additional facts, which I have found to be undisputed, in support of their respective theories. Here, the purpose of the motions for

summary judgments is not to freeze or to resolve factual issues but to determine whether there are factual issues. As I mentioned at page 7, *supra,* and at note 12, *supra,* the undisputed facts relevant to Counts II and III have been recognized by each side, throughout the pendancy of the respective motions, as transcending those facts found by jury in Count I. Here I have used a variety of methods to determine all undisputed facts material to the respective motions,[17] and I go beyond those facts, as I must, found by jury on Count I and articulated by the Court of Appeals. Accordingly, this contention of defendants, CBS, is without merit.

2. The defendants' second argument that "the final judgment of the Trademark Trial of Appeal Board in favor of CBS in *res adjudicata* as to the ultimate issues underlying Counts II and III" is not available to the defendants as a defense to plaintiff's claims. That argument and issue was decided against the defendants on their motions for leave to amend their answer to plaintiff's third amended complaint. A memorandum opinion was filed in that regard, *sub judice,* during the pendency of the instant motions on January 7, 1974.

3. CBS in their third argument assert that plaintiff's claims in Counts II and III are equitably estopped by plaintiff's gross laches in bringing this action six years after the commencement of CBS' alleged infringement of plaintiff's marks.

The undisputed facts of this record shout that piracy has been commited by defendants. The stipulated transcript, the instant findings of fact, *supra,* the findings by the jury on Count I and the First Circuit's decision that defendants intentionally misappropriated and copied the property of the plaintiff, Mr. DeCosta, establishes beyond a slightest doubt that defendants are "pirates." Since defendants are deliberate infringers, they cannot assert the

defense of estoppel by laches.[18] Apart from the non-availability of the defense, there is a sufficient showing of wrongdoing on the part of defendants, a likelihood of recovery by plaintiff on claims not otherwise barred and the exercise of due diligence on Mr. DeCosta's part in attempting to pursue his rights against the defendants in which he encountered difficulty in securing proper counsel,[19] impels me to reject the defense of equitable estoppel. I so find.

The remaining arguments of defendants are reached, *infra*.

Conflict of Law and Choice of Law

Plaintiff's claim must be measured, in this diversity action by Rhode Island law or by Rhode Island's choice of law rules. Here, a federal court is governed by the conflict of law rules of the state in which it sits[20] and is bound to apply the applicable state law as the state court has declared it.[21]

Although the *Erie* doctrine, note 20, teaches that, in a case as here, there is no federal common law, I see no impediment to state courts in fashioning a rule of state law which adopts the reasoning of and looks to federal law for guidance, as here, in a given area.

In *Gravina* v. *Brunswick Corporation*,[22] note 20, Chief Judge Pettine in applying the Rhode Island choice of law rule, said:

> ". . . Rhode Island choice of law principles were revised and redefined in the 1968 case of *Woodward* v. *Stewart*, 104 R.I. 290, 243 A. 2d. 917. This court, commenting on the *Woodward* case in *Tiernan* v. *Westext Transport, Inc.*, 295 F. Supp. 1256 (1969), stated: 'The importance of *Woodward* is . . . its adoption of a defined but flexible methodology of choice of laws. As this court perceives that methodology, it requires a four-step analysis: (1) what factual contacts are there with the states whose laws are alleged to conflict; (2) what is the nature of the conflict between the laws of those states whose contacts are minimally sufficient constitutionally to allow application of their laws; (3) what are the interests to be considered in choosing the applicable law; (4) weighing those interests what law should be applied.' At p. 1262 . . ."

I proceed to apply to the instant motions the choice of law rule applied in *Gravina*.

Step One: Like *Gravina*, virtually every state in the United States has some factual contact with the controversy, since "Have Gun Will Travel" was televised across the country. Rhode Island, like *Gravina*, is both the forum state and the state of residence of the plaintiff, Victor DeCosta. Here, each of the defendants in this case are New York corporations having their principle places of business in New York.

More compelling than in *Gravina*, here there is an unusual gravity of contact in the Paladin case with the State of New York as shown by the undisputed facts. See findings of fact, *supra*. All monies for the presentation of the "Have Gun Will Travel" show were received by Capital Cities Broadcasting Corporation from Columbia Broadcasting System, Inc. . . . this would necessarily transpire in New York, since both were New York corporations with their headquarters in New York. In addition thereto, all distribution and licensing of the "Paladin" marks was made through New York. Although both Herb Meadow and Sam Rolfe, who allegedly created the "Paladin" character were from California, they stated that they never visited New England, but only visited New York in the ten year period prior to September of 1957. Fourteen out of the thirty licensees of the various "Paladin" marks were New York corporations. Further,

all contracts entered into by CBS for the making of reproductions of the "Paladin" character or any articles utilized by the character, including his hat, medallions, calling cards, guns, wearing apparel and the like were made in New York. All reproductions of the "Paladin" character or any articles used by and/or associated with the character were circulated, distributed, offered for sale and published in New York. The contacts with New York are dominant in relation to contacts had in Rhode Island or any other state. The contacts with Rhode Island are more prominent than those had with any other state except New York.

Step Two. Here, guided by *Gravina,* I look to the nature of the conflict between the laws of those states whose contacts are minimally sufficient constitutionally to allow application of their laws.

The laws of New York pertaining to service marks and unfair competition [23] like the holdings under 15 U.S.C.A. 1125 and 1127 represents modern and uniform rules.[24] In *Dior* v. *Milton,* 155 N.Y.S. 2d. 443, 445 (1956) the Court stated:

> "The modern view as to the law of unfair competition does not rest solely on the ground of *direct competitive injury,* but on the broader principle that property rights of commercial value are to be and will be protected from any form of commercial invasion or infringement and from any form of commercial immorality, and a Court of Equity will penetrate and restrain every guise resorted to by the wrongdoer." (emphasis added.)

The nature of the conflict is that New York law has been fully developed to recognize and protect common law service mark property rights and misappropriation of them as an actionable tort even though the parties are not directly competing and plaintiff does not show actual "palming off" or "passing off" on part of an appropriator. On the

other hand, the Rhode Island decisional law has not fully developed to protect the broader forms of unfair competition as articulated in the precise claims here. Rhode Island policy and law does not provide sufficient guidance as to the precise questions of law which underlie plaintiff's claims.[25]

Step Three. The criteria set forth in the *Gravina* case, step 3 requires consideration of the interests involved in chosing the applicable law. Those interests as considered in the *Woodward* case include:

> (1) *Predictability of results.* Here, unlike *Gravina,* the predictability of results with reference to the case at bar is of consequence. I take the predictability factor to call for the predictability of Rhode Island law and New York law as to the precise questions before me. Consequently, I consider two propositions. First, I find that Rhode Island law concerning misappropriation and unfair competition involving service mark claims, as here, is vague and it has not been fully developed. Second, New York law is certain and has been fully developed as to these questions. Thus, the predictability factor points to the application of New York law.
>
> (2) *Maintenance of Interstate Order.* Here, like the application of this factor in *Gravina,* New York public policy has a strong public interest which prevents its corporations from practicing the very morally offensive and tortious conduct complained of here on non-residents as well as residents especially when the conduct takes place mostly in New York. Of course, New York's primary interest is to protect its own citizens against acts of piracy and unfair competition but its interest in according this protection is not to the exclusion of extending protection to non-residents. Certainly New York has

an interest in proscribing acts of its corporations. Thus, this interest factor also points to the application of New York law.

(3) *Simplification of the Judicial Task.* Unlike *Gravina,* here the applicable laws are extremely complex. The New York laws protecting misappropriation of service mark property, and unfair competition by reason thereof, are flexible uniform and fully developed. The laws of Rhode Island in this regard are vague and undeveloped. Resort to New York law would greatly simplify the judicial task of resolving the issues before the Court.

(4) *Advancement of the Forum's Governmental Interest.* There does not appear to be any strong Rhose Island policy against granting relief for the piracy which is demonstrated in this record. The Rhode Island law is obscure and, at best, undeveloped in this regard. As in the *Gravina* case, I cannot assume that it is in the interest of the State of Rhode Island not to protect its residents from the commercial immorality or inequitable behavior of foreign corporations. To the contrary, the Rhode Island government would be best served by according predictable, clear and complete protection to its residents under such circumstances. This interest points to the applicability of New York law.

(5) *Application of the Better Rule of Law.* The New York cases are cited extensively throughout the United States and represent the increasing trend in the country to punish commercial unfairness, and so-called "misappropriation." New York cases to this effect which have been cited by other jurisdictions are in Note 23. I view the New York rule in this regard to be the better rule of law.

Step Four. In considering all of the foregoing interests mentioned in Steps 1, 2 and 3, *supra,* I conclude, as I must,

that Rhode Island law would look to the law of New York as controlling in the issues now before me. I have analized and weighed the foregoing mentioned interests and find that New York law is the better rule to be used as a dispositive standard with respect to Counts II and III.

New York policy and New York law rightfully controls the commercial morality of its own corporations and the behavior of its own residents. The application by Rhode Island of New York law which proscribes certain conduct of its own residents does no violence to the residents of Rhode Island particularly where, as here, applicable Rhode Island policy and Rhode Island law does not speak directly to the legal issues of misappropriation and unfair competition of entertainment service mark property claims. The television entertainment industry, which touches every state in the nation, is dominantly centered in New York. The defendants' C. B. S. are residents of that state with their principle offices located there and the contacts in this case are overwhelmingly and dominantly with New York.

Thus, the New York policy and law, as to the issues here, is declaratory of a strong public interest. Comparatively, here the Rhode Island interest in this regard is weak, vague and uncertain. In weighing all applicable interests and for the reason I have mentioned, I apply New York law as to the merits of plaintiff's claims and as to defendants objections thereto.

Conclusions of Law

For the reasons I have heretofore stated I have applied New York law and make the following findings. Additionally. I find that application of federal law 15 U.S.C. 1121, 1125 and 1127 would lead to the same conclusion and result. Thus, the instant conclusions of law are common to the law of the forum and to the mentioned federal law.

1. The plaintiff created and is the owner of the service marks "Have Gun Will Travel," "Wire Paladin" and the figure of a knight chess piece as applied to entertainment services.

2. The plaintiff acquired common law rights in his service marks by use thereof in interstate commerce through distribution of his calling cards containing such service marks, by various appearances under the billing of "Paladin," "Have Gun Will Travel," and use of the knight chess piece as a part of his costume.

3. Secondary meaning, although unnecessary to recovery based upon service mark infringement, has attached to plaintiff's service marks through extended use thereof after their adoption by plaintiff and by association of the marks with plaintiff.

4. Plaintiff has continually used said service marks and has never abandoned them.

5. The extended continuous use of his service marks by plaintiff has created a property right therein, and the services as performed by plaintiff at various public and private functions is sufficient to maintain the property right in the service marks, even though some of the appearances made by plaintiff were gratuitous.

6. Defendants have infringed the common law service marks of plaintiff by use thereof without authority on the television series "Have Gun Will Travel" and by other uses, without authority, associated with said series, including without limitation the licensing of said marks.

7. Defendants have unfairly competed, in interstate commerce, by falsely advertising, describing and represeting the distinguishing characteristics of plaintiff's service dress and service marks to be their own. Defendants have also unfairly competed with plaintiff by appropriating, using and pirating the trade dress of plaintiff for use by the "Paladin" character in the television series "Have Gun Will Travel." See Notes 16 and 24.

8. Defendants have unfairly competed and infringed the service marks of plaintiff even though the plaintiff has never been in direct competition with defendants.

9. Service marks by definition do not come under the scope of the copyright laws.

10. The plaintiff's service marks "Have Gun Will Travel," "Wire Paladin" and the figure of a knight chess piece are protectable, although unregistered, under the trademark and service mark laws, United States Code, Title 15 Section 1125(a) and 1127, against defendants' unfair competition with plaintiff in interstate commerce. Note 16 and 24.

11. *Sears* v. *Stiffel*, and *Compco* v. *Day-Brite*, Notes 6 and 7, do not apply to service marks and do not impose a bar to recovery by plaintiff for infringement of his common law service marks by defendants.

12. The use of the title "Have Gun Will Travel" by defendants in the television series is an infringement of plaintiff's common law service mark "Have Gun Will Travel" as used by plaintiff for entertainment services.

13. The use of the name "Paladin" by defendants in the television series "Have Gun Will Travel" constitutes an infringement of plaintiff's common law service mark as used by plaintiff to identify himself in his western role or character.

14. The use of the knight chess piece by defendant in the television series "Have Gun Will Travel" is an infringement of plaintiff's common law service mark as used by plaintiff in his western role or character.

15. The trade dress as created by plaintiff for his western character and which includes the black costume, a flat-crowned black hat bearing an oval silver decoration, a silver chess knight on his gun holster and a derringer strapped under his arm is protectable against the use of an identical trade dress by defendants' central character in the television series "Have Gun Will Travel."

16. Defendants have unfairly competed with plaintiff by appropriating the trade dress of plaintiff's western character for use by the central character in the television series "Have Gun Will Travel."

17. Plaintiff is not estopped through laches in order to recover for the infringing activities of defendants.

18. The inequitable conduct of defendants in wilfully appropriating and pirating plaintiff's trade dress and service marks for use in the television series "Have Gun Will Travel", acts as a bar to defendants from asserting the affirmative defense of laches or estoppel.

Conclusion

Accordingly:

1. The defendants are not entitled to recover as a matter of law on their cross-motion for summary judgment and the same is Denied.

2. The plaintiff is entitled to recover on Counts II and III as a matter of law on his motion for summary judgment and the same is Granted.

3. In weighing the equities of and in light of the defendants egregious conduct, plaintiff is entitled as a matter of law to an accounting of all profits acquired by defendants CBS through all uses of plaintiff's service marks in defendants' television series "Have Gun Will Travel," to include the uses of plaintiff's marks by reason of licensing them. Here, defendants CBS, the wrongdoers, are required to hand over the proceeds of their wrong to the plaintiff by reason of their unjust enrichment.[26]

4. Within (5) days, of the filing and service of this decision, the attorneys for each side shall meet with the magistrate to settle the drafting of an appropriate judgment order to be entered in this case.

Footnotes

[1] *Columbia Broadcasting System, Inc., et al.* v. *Victor DeCosta,* 377 F. 2d. 315 (May 11, 1967) *cert. dn.* 385 U.S. 1007 (1968). The question before the Circuit Court was whether the judgments in plaintiff's favor on Count I of his complaint could be "supported on a rule of law that would allow recovery upon proof of creation of the plaintiff and copying by the defendants [of the "Paladin" marks], and nothing else." Id.

[2] Pursuant to 28 U.S.C. 636, and the stipulation of consent for a hearing and determination of the case by a magistrate entered into by the parties and the attorneys for each side, the above captioned case was referred to me by Chief Judge Raymond J. Pettine. Defendants' alternative "Motion for Judgment" is treated as a motion for summary judgment. Plaintiff's motion was properly denominated as one for summary judgment and is, of course, so treated. Since this case is before a magistrate by expressed stipulation of the parties and their attorneys, and by special designation, findings of fact are specially made and conclusions of law are separately stated. Cf. Rule 56 but see Rule 52(a) FRCP.

[3] Rule 56 FRCP.

[4] The defendants, Columbia Broadcasting System, Inc., Capital Cities Broadcasting Corporation, and CBS Films, Inc., for purposes of simplicity are referred to as Columbia Broadcasting System or CBS.

[5] On hearing and in oral arguments had on the instant motions on November 12, 1973, counsel for each side orally stipulated that their written stipulation of expected testimony of the witnesses filed herein on June 7, 1974 could be treated as stipulations of fact. Thus, the mentioned stipulated matter is treated as fact as to findings numbered 17 through 20 herein. The parties stipulated on August 6, 1973 that the remaining counts are to be determined by the Court based upon the entire record of the case to date.

[6] *Sears Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225 (1964).

[7] *Compco Corp.* v. *Day-Brite Lighting Inc.*, 376 U.S. 234 (1964), *reh's dn.*, 376 U.S. 373, 377 U.S. 913 (1964).

[8] Note 1, *supra.*

[9] Ibid.

[10] Citing *Nancy Sinatra* v. *Goodyear Tire and Rubber Co.*, 435 F. 2d. 711, 9*th* Cir., (1970). *Shirley Booth* v. *Colgate-Palmolive Co. and Ted Bates & Co., Inc.*, 362 F. Supp. 343 (SDNY 1973).

[11] Notes 6, 7 and 8, *supra.*

[12] In Counts II and III plaintiff does not rely upon a rule which would allow recovery simply upon proof of creation by plaintiff and copying by defendants. Rather, he seeks recovery on a common law theory of first use of the creation in interstate commerce and subsequent infringement by the defendants of his service marks or trade dress. Accordingly, CBS' first argument in support of their cross-motion for summary judgment, page 5, *supra,* urging that the facts before me on motions for summary judgment have been "finally determined," have been decisively limited by the Circuit Courts decision to those tried on Count I.

[13] The Circuit Courts' decision in Count I on the record before it was limited to a question of copyright law. The *Sears* and *Compco* decisions dealt with design patents and "mechanical configurations", and by dictum copyrights. None of these decisions spoke to the questions of service mark protections now before the Court.

[14] DeCosta v. C.B.S. et al., Note 1, *supra,* at 315.

[15] *Trade-Mark Cases,* 100 U.S. 550 (1879). In this case, the Supreme Court struck down as unconstitutional an 1870 act of Congress which sought to establish federal trademarks regulation without requiring prior use. The statute in question sought to relate trademark rights to the patent and copyright laws. Since then, federal jurisdiction over trademarks has been limited. *Hanover Star Milling Company* v. *Metcalfe,* 240 U.S. 403 416 (1916); Section 45 Trademark Act, 1946, as amended (15 USC 1051 et cet.).

[16] See *Morgan David Wine Corp.*, 328 F. 2d. 925, (C.C.P.A., 1964); *Sampson Cordage Works* v. *Puritan Cordage Mills,* 243 F. Supp. 1, (1964); *Colgate-Palmolive Co.* v. *North American Chemical Corp.,* 238 F. Supp. 81 (1964); *Edgar Rice Burroughs, Inc.* v. *Charlton Publications, Inc.,* 243 F. Supp. 731 (1965); *Columbia Broadcasting System, Inc.* v. *Documentaries Unlimited, Inc.,* 248 N.Y. S. 2d. (1964); *Grove Press, Inc.* v. *Collector's Publication, Inc.,* 264 F. Supp. 603 (1967).

For a discussion of interrelationships of patent, trademark and copyright laws, see Schulman, Patents, Trademarks and Copyrights: An Informal Comparative Analysis, 10 NYL Forum, 174 (1964). See also a chart simplification of the relationships between Patents, Trademarks and Copyrights in McCarthy, *Trademarks and Unfair Competition,* Vol. 1 (1973). In *Robert Stigwood Group Ltd.* v. *Sperber,* 457 F. 2d. 50, 2d. Cir. (1972); the Court recognized that *Sears-Compco* neither governed nor affected service mark rights. The Court said:

> "Sperber argues that there can be no copyright in titles and for the first time on appeal, claims that no protection can be afforded on any other theory because the Supreme Court Decision in *Sears Roebuck and Co.* v. *Stiffel Co.,* 376 U.S. 225, 140 U.S.P.Q. 524 (1964) and *Compco Corp. v. Day-Brite Lighting Inc.,* 376 U.S. 234, 140 U.S.P.Q. 528 (1964). We disagree. *Sears* and *Compco* prevent protection outside of the copyright laws, of works which Congress could have protected but chose not to. It may be that titles are not 'writings' in the constitutional sense and thus cannot be protected by copyright but can be protected under unfair competition doctrine. *In any event Sears and Compco carved out a specific exemption for trademarks and labels of products which can be protected to prevent deception of the public.* That is precisely the situation we have here. Thus, while Sears could manufacture a pole lamp identical to Stiffels, it could not call it a Stiffel pole lamp. Similarly, O A T C may perform songs under the ASCAP License but may not indicate that they are from the opera." (emphasis added)

With respect to the federal policy under 15 USC 1125 which secures a federal remedy relating to the common law tort of unfair competition in interstate commerce and, which was applied to the

infringement of a common law service mark see, *Iding* v. *Anaston*, 266 F. Supp. 1015 (1967); *Geisel* v. *Poynter Products, Inc.*, 283 F. Supp. 261 (1968).

The federal remedy created by 15 USC 1125(a) apart from the common law principles of unfair competition is demonstrated by the case of *Mastro Plastics Corp.* v. *Emenee Industries Inc.*, 240 N.Y.S. 2nd 624 (1963) affirmed at 248 N.Y.S. 2nd 223. For a discussion of 15 USC 1125(a) which proscribes a "false description or representation" or use of a mark which is likely to confuse or deceive purchasers as to the source of origin of such services see, *Societe Comptoir de L'Industrie Cotonniere Etablissements Boussac* v. *Alexander's Department Stores, Inc.*, 299 F. 2d 33 (C.A.NY 1962). In summary, the Court in the *Geisel* case states with reference to § 43 (a) of the Lanham Act (15 U.S.C.A. § 1125):

> "Congress has fashioned a new federal remedy against a particular kind of unfair competition—the use of a false designation of origin or *any false description or representation.* * * *
>
> § 43(a) is a remedial provision and should be broadly construed. * * *
>
> § 43(a) *provides relief against that kind of unfair competition which is analagous to the misappropriation or misuse of trade names or trademarks.* The unfair competition must involve a misuse of a distinguishing characteristic of the manufacturer's product or of the manufacturer himself. * * *
>
> The plaintiff is not required to prove actual palming-off. * * * A showing of the likelihood of customer confusion as to the source of the goods is sufficient." (emphasis added)

[17] The methods used are stated at Page 6, *supra.* Rule 56 FRCP See, Moore's Federal Practice Vol. 6, § 56.77 [7] and Rule 43(e) FRCP. See also the application of Rule 52, FRCP.

[18] Callman, *Unfair Competition, Trademarks and Monopolies*, Third Edition, Vol. 4, § 87.3(b)(2) at 138, and the compendium of cases cited therein at N.10.

[19] See *Dickhaus* v. *Twentieth Century Fox Film Corp.*, 54 F. Supp. 425 (1944).

[20] *Order of United Commercial Travelers of America* v. *Meinsen*, 131 F. 2d 176 (8 Cir. 1942); *Griffin* v. *McCoach*, 313 U.S. 498, 503, 61 S. Ct. 1023, 1025, 85 L. Ed. 1481 (1941); *Klaxon Company* v. *Stentor Electric Manufacturing Co.*, 313 U.S. 487, 496, 61 S. Ct. 1020, 85 L. Ed. 1477 (1941); *Pink* v. *A. A. A. Highway*

Express, Inc., 314 U.S. 201, 62 S. Ct. 241, 86 L. Ed. 152 (1941); *Erie R. Co.* v. *Tompkins*, 304 U.S. 64 (1938). *Gravina* v. *Brunswick Corporation*, 338 F. Supp. 1 (1972). In *Gravina* v. *Brunswick Corporation*, the District Court sitting in R. I. adopted an Illinois rule as a "better rule of law" to be preferred to the R. I. rule which did not recognize an action for invasion of privacy and held that the Illinois law governed the action.

[21] *Kerrigan's Estate* v. *Joseph E. Seagram & Sons*, 199 F. 2d. 694 (3 Cir. 1953); *Christian* v. *Preferred Acc. Ins. Co.*, 89 F. Supp. 888 (D.C. 1950); *Mangol* v. *Metropolitan Life Ins. Co.*, 103 F. 2d 14 (7 Cir. 1939); *Erie R. Co.* v. *Tompkins, supra,* Note 20. "A federal court in a diversity action must accept the ruling of a state court, even if in its opinion it is an erroneous ruling." *Montgomery Ward & Co.* v. *Morris*, 273 F. 2d. 452 (6 Cir. 1960); *Gravina* v. *Brunswick Corporations, supra,* note 20.

[22] See also *Klimas* v. *International Telephone & Telegraph Corp.*, 297 F. Supp. 937 (DC-RI 1970) and 176 (R.I. 1969).

[23] See, *Flexitized, Inc.* v. *National Flexitized Corp.*, and New York cases cited there which extends the doctrine of unfair competition beyond the cases of secondary meaning or "palming off," thus granting "relief in cases where there was no fraud on the public but only a misappropriation for commercial advantage of one person of a benefit or 'property right' belonging to another." 335 F. 2d. at 782 (CA 2d. 1964). *Robert Stigwood Group Ltd.* v. *Sperber, supra,* note 16. Common law service marks are recognized in New York, *National Trail Ways Bus System* v. *Trailway Storage, Inc.*, 269 F. Supp. 352 (EDNY 1965); Here the court granted relief although the businesses were not directly competing. See also, *Geisel* v. *Poyntner Products, Inc.*, 238 F. Supp. 261 (SDNY 1968); *Mastro* v. *Emenee Industries, Inc.*, 240 NYS 2d. 624 (1963); *Societe Comptoir de L'Industrie Cotonniere Establissements Boussac* v. *Alexander's Department Stores, Inc.*, 299 F. 2d. 33 (C.C.A. 2, 1962); *Monsanto Chemical Co.* v. *Perfect Fit Products Mfg. Co.*, 349 F. 2d. 389 (C.C.A. 2, 1962) and *Girl Scouts of America* v. *Hollingsworth*, 188 F. Supp. 707 (E.D.N.Y. 1960). In *Geisel* v. *Poynter Products, Inc.*, note 16, *supra*, the Court in applying New York law said:

> "The plaintiff is not required to prove actual palming-off. A showing of the likelihood of customer confusion as to the source of the goods is sufficient."

[24] The purpose of the Lanham Act, as applied to section 1125(a) (15 USC 1125(a)) as defined in section 1127 is to protect the interest of a commercial class against unscrupulous commercial conduct. *Cooligan Activities* v. *Club of New York Ltd.*, 442 F. 2d. 686 (CA 2d. 1971). The provisions of the Lanham Act 15 USC 1125 and 1127 has been broadly construed by the federal courts to encompass all areas of unfair competition. See, *Dads Root Beer Co.* v. *Doc's Beverages*, 193 F. 2d. 77 (CA 2d. 1951); *L'Aiglon Apparel* v. *Lana Lobel, Inc.*, 214 F. 2d 649, (CA 3d. 1954); *Maternally Yours* v. *Your Maternity Shop*, 234 F. 2d. 538 (CA 2d. 1956); *Mutation Mink Breeders Assn.* v. *Lou Nieranberg Corp.*, 23 FRD 155 (SDNY 1959); *Florida* v. *Real Juices, Inc.*, 330 F. Supp. 428 (D.C. FLA. 1927). In *Florida* the scope of 18 USC 1125 and 1127 was found to be broad enough to protect unregistered common law certification marks; *Alum-A-Fold Shutter Corp.* v. *Folding Shelter Corp.*, 441 F. 2d. 556 (CA 5*th* 1971). *Censable Products, Inc.* v. *Goldblat Bros., Inc.*, 179 USPQ 645 (ND-ILL 1973). Also see cases cited in note 16, *supra*, concerning the availability of a federal remedy relating to the common law tort of unfair competition in interstate commerce. 18 USC 1125(a) and 1127 was enacted to protect consumers and competitors against all forms of misdescription or misrepresentation of products and services in commerce. *Yameta Co.* v. *Capitol Records, Inc.*, 229 F. Supp. 582 (DCNY 1968) Rev. on other grounds at 393 F. 2d. 91.

Similarly 15 USC 1127 expressly extends protection to unregistered common law service marks, as here, against unfair competition.

A service mark is a mark which relates to a service rather than a product. The Lanham Act, § 45 (15 USC 1127) provides:

> "The term 'service mark' means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others and includes without limitation the marks, *names*, symbols, *titles*, designations, *slogans, character names*, and *distinctive* features of radio or other advertising used in commerce." (emphasis added)

The basic purpose of a service mark is twofold. The first is to protect the public. The second is to protect the rights of the owner to the mark he has created by keeping another from infringing on his good will—i.e., to prevent one from reaping where one has not sown. *Younker* v. *Nationwide Insurance Co.*, 137 USPQ 901, 904 (1963).

[25] The case of *Sayles Biltmore Bleacheries Inc.* v. *Narragansett Wiping Supply Co.*, 86 R.I. 99, 134 A. 2d. 57 cited by defendants does not speak to service mark claims or misappropriation of another's property but deals with trademark protections. Also inopposite are the cases cited by defendants; *Home of the Week Inc.* v. *Associated Press, Inc.*, 178 F. Supp. 460 (DCRI 1959); *Bostitch Inc.* v. *King Fastener Co.*, 87 R.I. 274, 140 A. 2d. 274 (1958); *Merlino* v. *Schmetz*, 66 R.I. 425, 20 A. 2d. 267 (1941) and *George* v. *George F. Berklanders, Inc.*, 92 R.I. 426 (1961); However, an 1898 Rhode Island case *Armington and Sims* v. *Palmer*, 21 R.I. 109, although not speaking to service mark claims as here, recognizes equitable principles which would accord certain protections to a non-profit business where the parties are not in competition. Additionally, the case of *Cady* v. *Schultz*, 19 R.I. 193, an 1895 Rhode Island case, would protect trade names where commercial immorality, inequitable behavior, fraud, or piracy was involved apart from consideration of "palming off" or "passing off," contrary to defendants' urgings.

[26] See *Dads Root Beer* v. *Doc's Beverages*, 193 F. 2d. 77 (CA 2d. 1951); *Maternally Yours, Inc.* v. *Your Maternity Shop, Inc.*, 234 F. 2d. 538 (CA 2d. 1956); *W.E. Bassett Co.* v. *Revlon, Inc.*, 435 F. 2d. 656 (CA 2d. 1970) As to an apportionment of profits under the common law, see *Hamilton-Brown Shoe Co* v. *Wolfe Bros. & Co.*, 240 U.S. 251 (1916).